



Mutual Evaluation of Italy

Anti-money laundering and countering the financing of terrorism and proliferation financing measures



April 2026



The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CFT) standard.

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How to read this mutual evaluation report

The Financial Action Task Force (FATF) has revised its assessment methodology to place an even greater focus on effectiveness, to ensure that countries are implementing and making use of the laws, regulations and policies that are being passed, as well as a greater emphasis on the major risks and context. This round of mutual evaluations is operating on a six-year cycle, significantly shorter than earlier rounds, and includes time-bound Key Recommended Actions roadmaps for countries that need to improve in key areas.

Effectiveness has been assessed according to the 11 immediate outcomes that an effective anti-money laundering/countering the financing of terrorism/countering proliferation financing (AML/CFT/CPF) framework should be able to deliver. The extent to which a country is taking effective action in this area is reflected in ratings that range from low to high level of effectiveness (see Chapters 2 – 11).

Technical compliance has been re-assessed in line with the FATF Recommendations where: (i) the country has made legal, regulatory or operational framework changes since its last mutual evaluation or follow-up report with technical compliance re-ratings and (ii) there has been a change in the FATF Standards for which the country has not previously been assessed. Where technical compliance has been reassessed, the relevant section is clearly indicated in the Technical Compliance Annex. Where a Recommendation has not been re-assessed, the previous assessment is included under a grey heading (see Annex A. Technical Compliance).

A glossary of key terms is available at the end of the report.

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Executive summary

1. This report provides a summary of the anti-money laundering and counter-terrorist financing (AML/CFT) measures in place in Italy as at the date of the on-site visit from 23 June - 11 July 2025. This report analyses the level of compliance with the FATF 40 Recommendations and the effectiveness of Italy's AML/CFT system, and provides recommendations on how this system could be improved.

Key Findings

- a) Italy has a well-developed understanding of its ML and TF risks, informed by three ML/TF NRAs and the individual risk understanding developed by authorities. While the understanding of TF risk in the NRA is less well developed than ML risk, relevant authorities possess a developed understanding of TF risks facing Italy. The understanding of ML/TF risks is relatively strong in the financial sector but varies in the DNFBP sectors. Italy's AML/CFT policies are broadly aligned to the identified ML/TF risks. The FSC, which is chaired by the Ministry of Economy and Finance and includes all key authorities as its members, effectively coordinates AML/CFT policy and action at the national level, which allows for a whole of government approach in implementing policy measures. The Italian AML/CFT system has strong domestic cooperation on AML/CFT issues at both the policy and operational levels, however, LEAs cooperate and coordinate amongst each other only to some extent, and the GdF and DIA act as gatekeepers between the Carabinieri and the State Police and the UIF.
- b) Italy has a sound and well-developed framework for its international cooperation both at formal and informal levels, and uses the system as a whole to support international cooperation to facilitate action against criminals and their property, broadly in line with its risks. Italian authorities have also been instrumental in seeking information and evidence and pursuing criminals and their assets through their respective international cooperation networks, and use information and assistance to support judicial international cooperation to facilitate criminal investigations and asset recovery as well as to locate and extradite criminals. However, Italy is not systematically using its case management system to monitor the quality and timeliness of incoming and outgoing requests, as well as its IT systems and other mechanisms to monitor the extent to which it is systematically using MLAs and extradition mechanisms in line with its ML/TF risks and proactively pursuing illicit assets abroad in line with its risk profile.
- c) Italy has robust measures in place to prevent criminals and their associates from being beneficial owners or hold any controlling interests in FIs. There have been some cases of criminals or their associates attaining management positions in FIs, and these have been identified and subjected to remedial action. The understanding of risks by FIs varies between different sectors of FIs, with the greatest understanding identified in the largest banking groups. The risk understanding among VASPs also varies, but appears generally weaker than in the largest FIs. The application of mitigating measures varies between FIs but generally appear

to be at a satisfactory level. Compliance in the VASP sector appears weaker overall, which is concerning given its risk and growing importance.

- d) The supervisory setup is relatively complicated, with multiple supervisory competences, regulated through specific MoUs to avoid overlap between authorities. The Bol, and GdF with regard to VASPs, perform risk-based and adequate supervision. Relevant supervisory activity is also performed by the IVASS and GdF, for other entities under its supervision and subject to its controls but this is less developed and with a less clear application of the risk-based approach. While various supervisory actions are taken in practice in cases of non-compliance, including relatively lower application of pecuniary sanctions, the lack of publication of sanctions other than pecuniary ones in the case of Bol and timelines for applying sanctions in cases where GdF is the supervisor (two years in the MEF alone), undermine the dissuasiveness (and thereby effectiveness) of the actions taken.
- e) Italy has in place measures for licensing and registration requirements are in place for all DNFBPs, but their effectiveness varies across the sector. The GdF has a wide range of sources of information about the DNFBP sectors available. The GdF uses the Operational Risk Analysis (AOR) process to develop its risk understanding of entities under supervision, and this is used to prioritise its supervisory functions. The GdF implements various measures in supervising and monitoring AML/CFT compliance of DNFBPs, but these are not wholly aligned with risk. The GdF does not possess a range of measures for addressing breach of AML/CFT obligations but can recommend dissuasive pecuniary sanctions within a wide range, depending on the severity of the breaches, which are imposed by the MEF. However, this process is lengthy, and sanctions for breaches typically take two years for imposition, which reduces the impact of such sanctions. Apart from sanctions, the GdF does not take specific actions to ensure that the deficiencies identified in the AML/CFT/CPF obligations of DNFBPs are remedied, and there is little structured guidance available to help DNFBPs rectify identified issues.
- f) Italy has a well-developed understanding of risks associated with most domestic legal persons and arrangements as well as foreign legal persons and arrangements with sufficient links to Italy. Less attention has been paid to some specific types of lower risk legal persons (partnerships and cooperatives). Criminal infiltration of companies is a common ML typology and well-known in the Italian system, with various measures taken to mitigate specific risks. The mitigating measure which the BO register would represent, is currently suspended, including for access by competent authorities. There is not a sufficient alternative mechanism in place to access BO information. Access to beneficial ownership information as such depends on access to information held by FIs and DNFBPs or alternatively information obtained through international cooperation.
- g) The UIF plays a central and effective role to the receipt, analysis and dissemination of financial intelligence, while the GdF's NSPV and DIA further develop this intelligence for investigative and preventive purposes, consistent with their respective mandates. In line with its administrative mandate, the UIF does not have direct access to law-enforcement databases and ongoing technical cross-matching initiatives could further strengthen the timeliness and contextual depth of early-stage analysis. STRs and financial intelligence contribute to the initiation of high-profile ML and TF investigations, the disruption of complex laundering schemes, and identification, tracing and seizure of criminal proceed. This includes substantial asset-tracing results by the GdF and the extensive use of STR-based intelligence in DIA's preventive confiscation measures under the Anti-Mafia Code. However, the absence of standardised, outcome-based feedback mechanism from judicial authorities limits the UIF's ability to refine its risk models and fully assess the downstream impact of its analytical work.

- h) Italy's police forces are able to investigate ML offences and are appropriately and adequately skilled and trained to conduct financial investigations and utilise a wide range of investigative tools that are available to them to investigate ML. Italy also has several sophisticated coordination mechanisms to ensure that operational agencies actively co-operate and share information and resources and are able to conduct investigations jointly, particularly for complex ML cases involving serious organised crime which would be expected to generate significant proceeds. However, Italy does not maintain comprehensive statistics on ML investigations, prosecutions and convictions, to the extent necessary, to be able to monitor the pursuit of ML in line with ML risk related to high-risk predicates as well as ML methods, techniques and trends, including ML that takes place outside organised crime. Italy has obtained a low number of convictions for self-laundering prosecutions, and it was not demonstrated that Italy prosecutes and obtain convictions legal persons in line with its risk profile. Sanctions applied for ML are on the lower end of the spectrum considering Italy focusses on prosecuting ML relating to organised crime.
- i) Italy's LEAs are armed with strong laws and powerful legislative tools to pursue asset recovery, particularly in relation to organised crime. All LEAs, and in particular the GdF and DIA, have access to broad databases and sophisticated tools to support their financial investigations for asset-tracing and recovery. The significant amount of illicit assets pursued and confiscated (over EUR 7 billion confiscated over the evaluation period) by Italian authorities is a reflection of the effective operationalisation of its strategic prioritisation. Seizures and confiscations are largely in line with the risk and context of the country, with the exception of TF and to a lesser extent for drug trafficking. UIF and reporting entities regularly use Italy's legal framework to suspend suspicious transactions but this is significantly less frequently used by LEAs and judicial authorities. Italy's sophisticated structures and processes to manage assets seized to avoid dissipation of the value of the assets have been used to manage a variety of assets. The ADM and the GdF concurrently administer the identification of falsely or non-declared currency/BNI and take action against violations, with a significant number of violations followed by robust detection, sanctioning and follow-up.
- j) Italy identifies TF cases mainly through STRs, financial investigation, and intelligence information, and to some extent through parallel TF investigations which has resulted in a significant number of complex stand-alone TF investigations and prosecutions being pursued. However, simple TF cases involving those who raise or use their own funds or move low levels of money to support terrorist activity are not actively pursued with a goal to prosecution. Italy does not track the types of TF activity (e.g. the modality of the financing) it pursues. Prosecutors are generally successful in obtaining convictions in the TF cases that it prosecutes, although sanctions imposed for TF are somewhat lower considering the type of prosecutions pursued (i.e., complex stand-alone activity). While TF information based on STRs and other financial analysis is shared amongst authorities that also make operational and strategy decision on CT, especially within the CASA mechanism, TF investigation, prosecution and conviction do not clearly feed into Italy's CT priorities or strategies. Italy appropriately uses alternative measures against TF activity where it is not able to obtain a conviction, with the exception of non-conviction-based confiscation which is not used to disrupt terrorist financiers.
- k) The FSC is the competent authority for coordinating and implementing TFS. TF-TFS pursuant to UNSCR 1373 are implemented without delay pursuant to the EU and domestic frameworks. Italy has domestic measures to address the delays in transposing UN designations pursuant to UNSCR 1267/1989 and 1988 to the EU framework. The domestic decrees have not been applied to new UN designations during the reporting period. Instead, the process of Italian authorities conducting comprehensive searches of their numerous databases for potential funds, assets and other economic resources belonging directly or indirectly to newly listed persons mitigates

the risk of asset flight following new UN listings to some extent, it does not sufficiently address the effective implementation of TF-TFS by all natural and legal persons without delay.

- l) Italy has to some extent, applied a focused, proportionate and risk-based mitigation measures to only those organisations which fall largely within the FATF definition of NPOs, but in line with identified risks. There are numerous authorities involved in the monitoring and investigation of NPOs at different levels and not targeted for those defined as higher risk in the NRA.
- m) The FSC, as the competent authority for CPF risk analysis and policy development, effectively coordinates the activities of the various national authorities involved in preventing PF at the policy and operational levels. Italy has a good understanding of PF risk and is sufficiently mitigating this risk. Italy has the mechanisms to apply PF-TFS without delay.
- n) FIs, VASPs, and DNFBPs generally have a good understanding of their TF- and PF- TFS obligations and have put in place adequate processes in order to ensure compliance with the relevant TFS lists. Competent authorities are generally comprehensively monitoring and ensuring compliance.

Ratings for effectiveness and technical compliance

		Effectiveness		Technical Compliance
Risk mitigation through policy, co-ordination and co-operation				
Assessment of risk, coordination and policy setting	IO.1	Substantial	R.1	Largely compliant
			R.2	Compliant
International co-operation	IO.2	Substantial	R.36	Compliant
			R.37	Largely compliant
			R.38	Largely compliant
			R.39	Compliant
			R.40	Largely compliant
Cross-cutting requirements			R.33	Compliant
Prevention, detection & reporting of illicit funds across sectors				
Financial sector and virtual asset supervision and preventive measures	IO.3	Substantial	R.9	Compliant
			R.10	Largely compliant
			R.11	Compliant
			R.12	Partially compliant
			R.13	Partially compliant
			R.14	Compliant
			R.15	Largely compliant
			R.16	Largely compliant
			R.17	Largely compliant
			R.18	Largely compliant
			R.19	Largely compliant
			R.20	Compliant
			R.21	Compliant
			R.26	Compliant
			R.27	Compliant
Non-financial sector supervision and preventive measures	IO.4	Moderate	R.22	Largely compliant
			R.23	Largely compliant
			R.28	Compliant
Transparency and beneficial ownership	IO.5	Moderate	R.24	Partially compliant
			R.25	Largely compliant
Cross-cutting requirements			R.34	Largely compliant
			R.35	Compliant
Detection and disruption of threats, sanctions & deprivation of illicit funds				
Financial intelligence	IO.6	Substantial	R.29	Compliant
Money laundering investigations and prosecutions	IO.7	Substantial	R.3	Largely compliant
Asset recovery	IO.8	Substantial	R.4	Largely compliant
			R.32	Compliant
Terrorist financing investigations and prosecutions	IO.9	Substantial	R.5	Compliant
Terrorist financing preventive measures and financial sanctions	IO.10	Moderate	R.6	Largely compliant
			R.8	Partially compliant
Proliferation financing financial sanctions	IO.11	Substantial	R.7	Largely compliant
Cross-cutting requirements			R.30	Compliant
			R.31	Compliant

Note: Effectiveness ratings can be either a High-HE, Substantial-SE, Moderate-ME, or Low-LE, level of effectiveness. Technical compliance ratings can be either a Compliant-C, Largely compliant-LC, Partially compliant-PC or Non-compliant-NC. While the technical compliance findings can be relevant across the effectiveness immediate outcomes (for example, R.1 or R.40), the table above illustrates the main technical compliance findings specific to each effectiveness immediate outcome and cross-cutting requirements for each of the intermediate outcomes. For more detail on the relevant technical compliance requirements relevant to each effectiveness immediate outcome, see the relevant paragraph at the beginning of each chapter. See also paragraphs 53 and 54 of the FATF 2022 Methodology for links between effectiveness and technical compliance ratings.

Risks and general situation

Assessment of risk, coordination and policy setting (Chapter 1; IO.1, R.1, 2, 33 & 34)

2. Italy has a well-developed understanding of its ML and TF risks, informed by three ML/TF NRAs and the individual risk understanding developed by authorities. While the understanding of TF risk in the NRA is less well developed than ML risk, relevant authorities possess a developed understanding of TF risk facing Italy. Italy's NRA uses a robust, well-defined and comprehensive assessment methodology that utilises both quantitative and qualitative information. The understanding of ML/TF risks is relatively strong in the financial sector but is varies in the DNFBP sectors.
3. Italy's AML/CFT policies are broadly aligned to the identified ML/TF risks. The FSC, which is chaired by the Ministry of Economy and Finance and includes all key authorities as its members, effectively coordinates AML/CFT policy and action at the national level, which allows for a whole of government approach in implementing policy measures.
4. The Italian AML/CFT system is founded on strong domestic cooperation on AML/CFT issues at both the policy and operational levels. The authorities generally readily cooperate amongst each other for supervisory and operational matters, including cooperation through a wide range of inter-agency MoUs. However, LEAs cooperate and coordinate amongst each other only to some extent, and the GdF and DIA act as gatekeepers between the Carabinieri and the State Police and the UIF. Additionally, cooperation between the authorities and the SRBs is not well developed.

International co-operation (Chapter 2; IO.2; R.36-40)

5. Italy has a sound and well-developed framework for its international cooperation both at formal and informal levels. Case studies, statistics as well as feedback from the global network reflect that the Italian authorities use the system as a whole to support international cooperation to facilitate action against criminals and their property and broadly in line with its risks. As a result, Italy is processing a large number of outgoing and incoming formal requests each year.
6. Italy is plugged in to the international cooperation structures, especially within Europe, and its law enforcement authorities are actively engaged with their counterparts to seek and provide timely assistance, and have been instrumental in seeking information and evidence and pursuing criminals and their assets through their respective international cooperation networks. Through JITs, CARIN/ARIN forums and GdF liaison officer attaches worldwide, Italian authorities use information and assistance to support judicial international cooperation to facilitate criminal investigations and asset recovery as well as to locate and extradite criminals.
7. However, Italy is not systematically using its case management system to monitor the quality and timeliness of incoming and outgoing requests, as well as its IT systems and other mechanisms to monitor the extent to which it is systematically using MLAs and extradition mechanisms in line with its ML/TF risks and proactively pursuing illicit assets abroad in line with its risk profile.

Financial sector and virtual asset supervision and preventive measures (Chapter 3; IO.3, R.9-21, 26, 27, 34 & 35)

8. Italy has robust measures in place to prevent criminals and their associates from being beneficial owners or from holding any controlling interests in FIs. There have been some cases of criminals or their

associates attaining management positions in FIs, and these have been identified and subjected to remedial action.

9. The understanding of risks by FIs varies between different sectors of FIs, with the greatest understanding identified in the largest banking groups. The risk understanding among VASPs also varies, but appears generally weaker than in the largest FIs. The application of mitigating measures varies between FIs but generally appear to be at a satisfactory level. Compliance in the VASP sector appears weaker overall, which is concerning given its risk and growing importance.

10. The supervisory setup is relatively complicated, with multiple supervisory competences, regulated through specific MoUs to avoid overlap between authorities. The Bol, and GdF with regard to VASPs, performs risk-based and adequate supervision. Relevant supervisory activity is also performed by the IVASS and GdF, for other entities under its supervision and subject to its controls but this is less developed and with a less clear application of the risk-based approach.

11. While various supervisory actions are taken in practice in cases of non-compliance, including relatively lower application of pecuniary sanctions, the lack of publication of sanctions other than pecuniary ones in the case of Bol and timelines for applying sanctions in cases where GdF is the supervisor (two years in the MEF alone), undermine the dissuasiveness (and thereby effectiveness) of the actions taken.

Non-financial sector supervision and preventive measures (Chapter 4; IO.4, R.22, 23, 28, 34 & 35)

12. Italy has in place measures for licensing and registration requirements are in place for all DNFBPs, but their effectiveness varies across the sector. The DPMS sector is outside the scope of the assessment due to the existence of cash limit which is effectively applied by Italy.

13. The GdF has a wide range of sources of information about the DNFBP sectors available. The GdF uses the Operational Risk Analysis (AOR) process to develop its risk understanding of entities under supervision, and this is used to prioritise its supervisory functions. The AOR process for the purposes of understanding sectoral risks, is supplemented by active participation in the NRA process and the extensive availability of databases to which the GdF has access.

14. SRBs play an important role in promoting risk understanding for members, through training activities and controls on regional level. However, this is done more effectively by some SRBs (National Council of Notaries) than others (National Lawyers Council). Notaries, auditors and large on-line gambling providers have a detailed understanding of existing and evolving ML/TF risks, however, the risk understanding for other DNFBPs is less developed. Real estate agents and lawyers are too heavily reliant on other obliged entities' AML/CFT obligations to mitigate risks.

15. The GdF implements various measures in supervising and monitoring AML/CFT compliance of DNFBPs, but these are not wholly aligned with risk. The GdF's process for selecting individual entities for inspection leads to higher risk entities not being prioritised for supervisory action. Further, due to the nature of the GdF's allocation of supervisory responsibilities, there may be long gaps between inspections on even high-risk entities, with some up to five years before supervisory activity is conducted.

16. The GdF does not possess a range of measures for addressing breach of AML/CFT obligations but can recommend dissuasive pecuniary sanctions within a wide range, depending on the severity of the breaches, which are imposed by the MEF. However, this process is lengthy, and sanctions for breaches typically take two years for imposition, which reduces the impact of such sanctions. Apart from sanctions, the GdF does not take specific actions to ensure that the deficiencies identified in the AML/CFT/CPF obligations of DNFBPs are remedied, and there is little structured guidance available to help DNFBPs rectify identified issues.

Transparency and beneficial ownership (Chapter 5; IO.5, R.24 & 25)

17. Italy has a well-developed understanding of risks associated with most domestic legal persons and arrangements as well as foreign legal persons and arrangements with sufficient links to Italy. Less attention has been paid to some specific types of lower risk legal persons (partnerships and cooperatives).

18. Criminal infiltration of companies is a common ML typology and well-known in the Italian system, with various measures taken to mitigate specific risks. The mitigating measure which the BO register would represent, is currently suspended, including for access by competent authorities. There is not a specific alternative mechanism in place to access BO information. However, competent authorities have the possibility of obtaining the name of beneficial owners in the case of customer relationships with FIs and DNFBPs.

19. Competent authorities have access to basic information on legal persons from a range of sources, such as the business register and from notaries. Authorities also have timely access to legal ownership information of domestic legal persons. The information does not include information on control (such as associated voting rights), which lessens its value in identifying beneficial owners.

20. Access to beneficial ownership information as such depends on access to information held by FIs and DNFBPs or alternatively information obtained through international cooperation. When information is sought from FIs and DNFBPs, the UIF can obtain information quickly.

21. Access to BO information on trusts and similar legal arrangements is limited by the suspension of the BO register but information may be obtained from FIs and DNFBPs, and access is most easily obtained directly from Italian fiduciary companies.

22. Sanctions for some types of non-compliance related to basic information are applied in practice, but these amounts are low and not dissuasive. Breaches of obligations related to BO information are not applied, except by FI supervisors for breaches of BO-related CDD requirements.

Financial intelligence (Chapter 6; IO.6, R.29-32)

23. Italy's institutional and operational framework for the production and use of financial intelligence demonstrates strong and sustained results, particularly in relation to its highest ML/TF risks. The UIF plays a central and effective role to the receipt, analysis and dissemination of financial intelligence, while the GdF, NSPV and DIA further develop this intelligence for investigative and preventive purposes, consistent with their distinct mandates.

24. Financial intelligence benefits from access to a wide range of government and administrative registers and cooperation mechanisms including with GdF, DIA and DNA that provide the UIF with early investigative contextual information that supports the prioritisation of STRs. In line with its administrative mandate, the UIF does not have direct access to law-enforcement databases and ongoing technical initiatives to enhance SAFE/DNA cross-matching could further strengthen the timeliness and contextual depth of early-stage analysis.

25. The UIF produces financial intelligence, including strategic analysis, that support the needs of competent authorities. DIA and NSPV also develop their own analysis that support their respective operational needs. They have adequate resources and strong expertise to perform their core functions, and formal cooperation arrangements facilitate regular information exchange, including through the Operational Technical Tables. Strategic financial intelligence products produced by the UIF and NSPV are aligned with Italy's risk profile and supports both investigative and preventive actions across competent authorities.

26. STRs and financial intelligence contribute to the initiation of high-profile ML and TF investigations, the disruption of complex laundering schemes, and identification, tracing and seizure of criminal proceeds. This includes substantial asset-tracing results by the GdF and the extensive use of STR-based intelligence in DIA's preventive confiscation measures under the Anti-Mafia Code. However, the absence of standardised, outcome-based feedback mechanism from judicial authorities limits the UIF's ability to refine its risk models and fully assess the downstream impact of its analytical work.

Money laundering investigations and prosecutions (Chapter 7; IO.7, R. 3, 30 & 31)

27. Italy's police forces are all able to investigate ML offences and are appropriately and adequately skilled and trained to conduct financial investigations and utilise a wide range of investigative tools that are available to them to investigate ML. Italy also has several sophisticated coordination mechanisms to ensure that operational agencies actively co-operate and share information and resources and are able to conduct investigations jointly, particularly for complex ML cases.

28. The GdF plays a leading role and is well resourced to identify ML through different avenues, facilitated by its broad and sophisticated access to information. The GdF and the DIA structurally pursue parallel money laundering investigations alongside investigations of serious organised crime. The State Police and the Carabinieri also conduct parallel financial investigations as directed by the public prosecutor, where there are financial aspects and where assets are involved.

29. Italy does not maintain comprehensive statistics on the underlying predicate offences for ML investigations, which limits the ability to assess whether the country's pursuit of ML was in line with its risks. However, based on case studies presented and the manner through which ML is detected and pursued, Italy prioritises ML for cases where money is laundered in the context of organised crime. GdF and DIA structurally pursue parallel ML investigations alongside investigations of serious organised crime which is in line with the country's risk and context since these would be expected to generate significant proceeds, and this is confirmed by data and numerous case studies. This is corroborated by the significant number of prosecutions and convictions obtained, particularly in the context of organised crime and for stand-alone ML.

30. Italy has obtained a low number of convictions for self-laundering prosecutions. As corporations are often used by organised criminal groups to launder their proceeds of crime, it was not demonstrated that Italy prosecutes and obtain convictions of legal persons in line with its risk profile. However, administrative action as well as seizure and confiscation actions are taken against corporate vehicles. Sanctions applied for ML are also on the lower end of the spectrum considering Italy focusses on prosecuting ML relating to organised crime.

Asset recovery (Chapter 8; IO.8, R. 1, 4 & 32)

31. Depriving criminals of their assets is ingrained in the strategy of Italy's law enforcement, particularly for organised crime. The significant amount of illicit assets pursued and confiscated (over EUR 7 billion confiscated over the evaluation period) by Italian authorities is a reflection of the effective operationalisation of its strategic prioritisation on asset recovery for ML and associated offences. Seizures and confiscations are largely in line with the risk and context of the country, although less so for drug trafficking. No asset seizures and confiscations were reported relating to TF. Without a distinct comprehensive national policy on the collection of asset recovery statistics, it is difficult for Italy to have a full overview on the total recovery of assets and to monitor any shortcomings that may exist as well as to monitor that the asset recovery regime functions in accordance with the country's risks.

32. Italy's LEAs are armed with strong laws and powerful legislative tools to pursue criminal assets and assets belonging to criminals, particularly in relation to organised crime. All LEAs, and in particular the GdF and DIA, have access to a broad range of databases and sophisticated IT tools to support their financial investigations for asset-tracing and recovery and also use the range of asset recovery modalities appropriately to pursue illicit assets. They also use international networks to pursue cross-border assets abroad. UIF and reporting entities regularly use Italy's legal framework to suspend suspicious transactions but is significantly less frequently used by LEAs and judicial authorities.

33. Italy has sophisticated structures and processes to manage assets seized to avoid dissipation of the value of the assets. These have been used to manage a variety of assets including the judicial administration of working businesses and corporations that have been seized.

34. The ADM and the GdF concurrently administer the identification of falsely or non-declared currency/BNi and take action against violations. Their surveillance is conducted in parallel and there is some level of coordination between them. The significant number of violations is followed by robust detection, sanctioning and follow-up.

Terrorist financing investigations and prosecutions (Chapter 9; IO.9, R. 5, 30, 31 & 39)

35. Italy identifies TF cases mainly through STRs, financial investigation, and intelligence information, and to some extent through parallel TF investigations. In particular, the sophisticated analysis of TF-related STRs by UIF and GdF has resulted in a significant number of complex stand-alone TF investigations being pursued over the evaluation period.

36. Italian authorities conduct financial investigations into TF activity parallel to its investigations on terrorism, through which potential terrorists or terrorist financiers, including those who raise or use their own funds or move low levels of money to support terrorist activity are identified. However, these simple TF cases are generally not pursued further. On the other hand, complex stand-alone TF investigations are more actively pursued.

37. Prosecutors actively pursue complex stand-alone TF prosecutions, and are generally successful in obtaining convictions in the TF cases that it prosecutes. However, there have not been prosecutions for legal persons and Italy does not track the types of TF activity (e.g. the modality of the financing) it pursues. Sanctions imposed for TF are somewhat lower considering the type of prosecutions pursued (i.e., complex stand-alone activity), although they are similar to sanctions applied for other terrorism-related offences in Italy.

38. While TF information based on STRs and other financial analysis is shared amongst authorities that also make operational and strategy decision on CT, especially within the CASA mechanism, TF investigation, prosecution and conviction do not clearly feed into Italy's CT priorities or strategies. Italy appropriately uses alternative measures against TF activity where it is not able to obtain a conviction, with the exception of non-conviction-based confiscation which is not used to disrupt terrorist financiers.

Terrorist financing preventive measures and financial sanctions (Chapter 10; IO.10, R. 1, 4, 6 & 8)

39. To some extent, Italy is implementing without delay, targeted financial sanctions related to terrorist financing (TF-TFS). TF-TFS pursuant to UNSCR 1373 are implemented without delay pursuant to the EU and domestic frameworks, and Italy has a unique, multi-pronged approach to address new UN listings. Italy has domestic measures (the ability for the MEF to issue decrees) to address the delays in transposing UN designations pursuant to UNSCR 1267/1989 and 1988 to the EU framework. The domestic decrees have

not been applied to new UN designations during the reporting period. Instead, upon new UN designations, the Italian authorities apply mitigating measures to identify potential assets. In this context, the authorities conduct comprehensive searches of their numerous databases for potential funds, assets and other economic resources relating to newly listed persons. As no matches were found, the Italian authorities determined that MEF decrees were not needed. While this process mitigates the risk of asset flight following new UN listings to some extent, it does not sufficiently address the effective implementation of TF-TFS by all natural and legal persons without delay. In the time between the UN listing and EU listing, a transaction could potentially be processed through the Italian financial system, and there is no legal basis for financial intermediaries or other persons to freeze funds or prohibition to make funds available to newly listed UN persons or entities.

40. Italy employs comprehensive mechanisms to identify the assets of terrorists, terrorist organisations, and terrorist financiers, and to prevent such persons from raising, moving and using their assets including by operating or executing financial transactions. Both the UIF and the GdF have extensive powers with regards to identifying potential TF assets and preventing TF in this context.

41. Italy has to some extent, applied a focused, proportionate and risk-based mitigation measures to only those organisations which fall largely within the FATF definition of NPOs, but in line with identified risks. There are numerous authorities involved in the monitoring and investigation of NPOs at different levels and not targeted for those defined as higher risk in the NRA.

42. FIs, VASPs, and DNFBPs generally have a good understanding of their TF-TFS obligations and have put in place adequate processes in order to ensure compliance with the relevant TFS lists. They generally make use of automated IT systems for checking changes to sanction regimes and use the UIF's website to stay informed of new UN listings. Smaller DNFBPs (that are less exposed to sanction violations risks) have less advanced screening methods and a less developed understanding of sanctions implementation. Competent authorities are generally comprehensively monitoring and ensuring compliance by FIs, VASPs, and DNFBPs with their TF-TFS obligations. During the reporting period, no violations of TF-TFS obligations were detected.

Proliferation financing financial sanctions (Chapter 11; IO.11, R. 7)

43. Competent authorities are effectively co-operating and co-ordinating the development and implementation of CPF policies. The FSC is the competent authority for CPF risk analysis and policy development and effectively coordinates the activities of the various national authorities involved in preventing PF. The regular meetings of the FSC allow a prompt, flexible, and often informal cooperation among the authorities on operational issues.

44. Italy has effectively identified and assessed and understands and mitigates PF risk. Italy has established its first thorough risk analysis through its CPF NRA, involving relevant public and private sector partners. Italy assesses the threat of direct proliferation financing as limited, since trade flows to DPRK are very low and closely monitored due to the sanctions imposed.

45. Italy employs comprehensive mechanisms to identify the funds and other assets of designated persons and entities and those acting on their behalf and such persons. During the reporting period, no funds or other assets were identified. Funds remain frozen relating measures taken before then.

46. FIs, VASPs, and DNFBPs understand and comply with their PF-TFS obligations to a large extent, in the same way as TF-TFS obligations. FIs have also shown to be aware of PF-TFS circumvention risks. Competent authorities are generally comprehensively monitoring and ensuring compliance by FIs, VASPs, and DNFBPs with their PF-TFS obligations. These obligations are checked along with TF-TFS obligations through their supervisory process. During the reporting period, no violations of PF-TFS obligations were detected.

Roadmap of key recommended actions (KRAs)

Italy underwent a Mutual Evaluation of its anti-money laundering / countering the financing of terrorism/countering proliferation financing (AML/CFT/CPF) measures in place during its on-site visit to the country from 23 June-11 July 2025. This evaluation was based on the 2012 FATF Recommendations (as updated from time to time) and was prepared using the 2022 Methodology.

The Mutual Evaluation Report identifies the strengths and weaknesses of Italy's AML/CFT/CPF system, including both the level of effectiveness and the level of technical compliance, and recommended actions for improvement. The highest priority measures are identified as Key Recommended Actions (KRA) are included in this KRA Roadmap.

The following presents the KRA Roadmap for Italy as adopted by the FATF Plenary in February 2026. Based on Effectiveness and Technical Compliance Ratings, Italy is placed in regular follow-up. This KRA Roadmap also serves as the basis for Italy's follow-up process.

IO.4 (Non-financial sector supervision and preventive measures)

Italy should:

- a) increase the level of risk understanding and the obligation to mitigate those risks for all DNFBPs other than notaries and PIE auditors through guidance beyond STR requirements and ensure that the guidance reaches all DNFBPs.
- b) ensure better coordination between supervisors and SRBs in order to strengthen the supervision of DNFBPs and remedy the concerns highlighted in the DNFBPs AML/CFT systems.
- c) ensure the application of a range of remedial measures to assist DNFBPs in ameliorating identified AML/CFT/CPF deficiencies.

IO.5 (Transparency and beneficial ownership)

Italy should:

- d) depending on the legal feasibility of reinstating the beneficial ownership register, either:
 - i. ensure that the beneficial ownership register provides competent authorities access to adequate, accurate and up-to-date information on all relevant legal entities and arrangements, or
 - ii. further ensure the alternative mechanism affords access to information concerning all relevant legal entities and arrangements, irrespective of whether they maintain any business relationship with Italian financial institutions, and that the competent authorities are able to obtain accurate and reliable information, including the beneficial interests held.

- e) ensure that effective and sufficiently dissuasive and prompt sanctions for non-compliance with obligations related to both basic and beneficial ownership information are applied.

IO.10 (Terrorist financing preventive measures and financial sanctions)

Italy should:

- f) ensure new designations for TF-TFS are systematically implemented without delay by all natural and legal persons.
- g) adopt a targeted, coordinated, RBA to oversight or monitoring of higher-risk NPOs.

Preface

This report summarises the anti-money laundering / countering the financing of terrorism / countering proliferation financing AML/CFT/CPF measures in place as at the date of the on-site visit. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of the AML/CFT/CPF system and recommends how the system could be strengthened.

This evaluation was based on the 2012 FATF Recommendations (as updated from time to time) and was prepared using the *2022 Methodology*.¹ The evaluation was based on information provided by the country, and information obtained by the evaluation team during its on-site visit to the country from 23 June - 11 July 2025.

The evaluation was conducted by an assessment team consisting of:

- Ms. Signe KRISTIANSEN, Chief Legal Advisor, Danish Business Authority, Denmark (financial expert)
- Ms. Masako KOSEKI, Deputy Director, Japan Financial Intelligence Center (JAFIC), National Police Agency, Japan (FIU expert)
- Ms. Nina VISSER Senior Policy Officer, Fiscal Information and Investigation Service (FIOD), Netherlands (law enforcement expert)
- Mr. Tobias BRYNILDSEN, Chief Specialist, Norwegian Ministry of Finance, Norway (financial expert)
- Mr. Markus HELLSTEN, Leading Public Prosecutor, Swedish Economic Crime Authority, Sweden (legal expert)
- Mr. James RESTON, Policy Adviser, US Department of the Treasury, United States (law enforcement expert)

with the support from Mr. Joseph JAGADA, Principal Expert from the ESAAMLG Secretariat, and Mr. Kevin VANDERGRIFT, Senior Policy Analyst, Ms. Ravneet KAUR, Policy Analyst, and Mr. Karan CHOUDHARY, Policy Analyst, from the FATF Secretariat.

The report was reviewed by Ms. Rita Castanheira (Portugal), and Ms. Gülnihal Kaynak Akceviz (Türkiye), and Ms. Pauline Saliba (Malta/MONEYVAL).

Italy previously underwent a Mutual Evaluation in 2015, conducted according to the 2013 FATF Methodology. The 2015 evaluation and 2019 follow-up report have been published and are available at <https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Mutualevaluations/Mer-italy-2016.html> and <https://www.fatf-gafi.org/en/publications/Mutualevaluations/Fur-italy-2019.html>.

That Mutual Evaluation concluded that the country was compliant (C) with 10 Recommendations; largely compliant (LC) with 26 Recommendations; and partially compliant (PC) with 4 Recommendations. Italy was

¹ This evaluation was assessed against the August 2024 version of the 2022 Methodology as this was the methodology in place at the time the country provided its submission on technical compliance.

rated C or LC with five of the following five Recommendations which were triggers for enhanced follow-up during the last round: R.3, 5, 10, 11 and 20).²

Based on these results, Italy was placed in regular follow-up. Since its last evaluation, Italy achieved eight technical compliance re-ratings:

- Two Recommendations upgraded from PC to C: R.16 and 35;
- Six Recommendations upgraded from LC to C: R.1, 20, 26, 27, 29, and 40.

Based on this progress, Italy remains in regular follow-up.

In total, two Recommendations remain rated PC (R.7 and 13).

² For the purposes of the report, a country will be placed in enhanced follow-up if any one of the following applies: (a) it has 5 or more PC ratings for technical compliance; or (b) 1 or more NC ratings for technical compliance; or (c) it is rated PC on any one or more of R.3, R.5, R.6, R.10, R.11 and R.20; or (d) it has a moderate level of effectiveness for 6 or more of the 11 effectiveness outcomes; or (e) it has a low level of effectiveness for 1 or more of the 11 effectiveness outcomes.

Introduction to money laundering and terrorist financing risks and context

47. Italy covers a land area of about 302 073 sq. km³. Italy is a unitary State divided into 20 administrative Regions. It shares land borders with Austria, France, Slovenia, and Switzerland. The sovereign states of San Marino and Vatican City are independent enclaves within Italy, while Campione d'Italia is an Italian exclave in Switzerland. Italy shares treaty-defined maritime boundaries with France, Spain, Algeria, Tunisia, Libya, Malta, Greece, Albania, Montenegro, Croatia and Slovenia.

48. Italy was one of the founding members of the European Community in 1957, which became the European Union (EU) in 1993. It is part of the Schengen Area and has been a member of the Eurozone since 1999.

49. Italy is a Republic based on a written constitution. Executive power is exercised by the Council of Ministers, which is led by the prime minister. The president of Italy is the head of state and appoints the prime minister. The legislative branch consists of a democratically elected bi-cameral parliament divided between two houses: the Senato (Senate) (200 seats) and Camera dei Deputati (Chamber of Deputies) (400 seats).

50. The Italian legal system is of the civil law tradition. The main sources of law are the Constitution and constitutional laws, national primary laws (such as legislative decrees and law decrees), regional laws, and secondary legislation (such as regulations). Supranational laws (such as the Treaty on the Functioning of the European Union), as well as international treaties, override the ordinary State laws. As a member of the EU, all EU regulations are directly applicable in Italy. Italy must also transpose EU directives.

51. Italy's judiciary is comprised of judges and public prosecutors - all considered magistrates. The Constitution guarantees the independence of magistrates from the executive branch of government. The Italian Constitution provides for mandatory criminal prosecution. The judiciary is subdivided geographically on an administrative basis. Prosecutors are responsible for directing the police to conduct investigations.

³ [Principali dimensioni geostatistiche e grado di urbanizzazione del Paese – Istat](#)

ML/TF/PF risks and scoping of higher-risk issues

Overview of ML/TF/PF risks

52. ML risks in Italy stem from a range of factors, including domestic illegal activities like corruption, tax evasion and fraud as traditional concerns from organised crime and the presence of an informal economy with extensive use of cash.

53. According to estimates, the 2022 shadow economy was worth approximately EUR 201 billion or around 10% of GDP. The proportion of this derived from criminal activities is below 10% (EUR 19.7 billion). The widespread use of cash contributes to the shadow economy and tax evasion.

54. Italy has historically suffered from organised crime, and the NRA states that most criminal conduct is largely attributable to organised crime, including Mafia-style crime.⁴ This threat emanates from domestic organised criminal groups. There is also a growing presence of foreign crime groups, notably in Central Italy. Organised crime is also increasingly infiltrating the legitimate economy, including in geographic areas of Italy where it has historically not been as widespread and in post-pandemic economic stimulus structures.

Country's risk assessment and scoping of higher-risk issues

55. Italy completed its first NRA on ML/TF risks in 2014 and updated in 2018 and again 2024 when it also completed its first PF NRA. In 2022, illegal activities were estimated to have generated EUR 19.7 billion, or 1% of GDP. This value includes the value of legal goods and services used in illegal production processes.

56. The NRA has identified organised crime and tax offences as highest risk (or “very significant”) ML predicates. According to NRA 2024, corruption, extortion, drug trafficking and bankruptcy and corporate offences as the predicate offences posing a high ML threat. These are followed by counterfeiting, smuggling, human trafficking/migrant smuggling, illicit waste trafficking, gambling, fraud and usury. In terms of sectoral risks, fiduciary companies, dealers in precious metals and stones (DPMS), and lawyers are assessed as having the highest inherent ML risks. Emerging risks such as those related to virtual assets were thoroughly assessed in the NRA. Insurance companies are considered to have lower inherent risks due to the low exposure to ML/TF, while investment firms are considered to have medium inherent risks, but these are offset by the high level of supervision by the Bol. As a result, these two sectors are assessed as having medium ML risks.

57. The 2024 NRA identified the risk of TF in Italy to be medium (or “rather significant”). International religious terrorism such as jihadism poses the most substantial TF risk. TF risks related to domestic left-wing terrorist groups are also present but less substantial than international religious terrorism. Other TF risks posed by threats such as right-wing terrorism were analysed and considered not very substantial.

58. In terms of scoping for increased focus, the assessment team (AT) prioritised measures to counter corruption and foreign bribery, organised crime, tax crimes, drug trafficking given their higher levels of risk and ongoing challenges they present in Italy. The AT also prioritised supervisory measures for Electronic Money Institutions (EMIs) and Payment Institutions (PIs), given the materiality and associated risks involved. The assessment team also focused issues related to the use of cash and the shadow economy, and ML through real estate, legal persons and arrangements, and gold dealers, as these were identified as specific channels for ML. The AT also explored the vulnerabilities relating to TF,

⁴ Page 20, ML/TF NRA

Italy's approach to NPOs and the identification and oversight of NPOs at risk of TF abuse, and the range of data, statistics and typologies used towards the conclusions on TF risk in the NRA.

59. In terms of lower risk, the AT de-prioritised the financial and securities intermediation sector due to the relatively limited value of assets and high-quality supervision, as well as the auditing sector for Public Interest Entities (PIE), due to their more limited materiality and strong understanding of ML/TF risks by the relevant supervisor.

Materiality

60. Italy's population is about 60 million with approximately 7.5% of the population being immigrants. Its GDP per capita income is EUR 36 600, making it a high-income country. The use of cash is widespread in Italy, with 69% of transactions by volume (which is above the EU average of 59%), and 49% by value taking place in cash by consumers at point of sales. Italy has a substantial shadow economy, and according to estimates, the 2022 shadow economy was worth approximately EUR 201 billion. A significant proportion of this (EUR 19.7 billion billion) is derived from criminal activities.

Financial sector, VASPs and DNFBPs

61. The Italian financial system consists of around 1130 supervised financial institutions (FIs) and over 340 000 Designated Non-Financial Businesses and Professionals (DNFBPs). At the time of the on-site, there were about 130 Virtual Asset Service Providers (VASPs), which vary significantly in size, characteristics, and risk profiles. The number of FIs has remained generally stable since 2019, with the sole exception of banks, whose number has decreased by 10 percent due to a progressive concentration in the banking sector.

62. The banking system was made up of 430 intermediaries at the end of 2023, divided between 54 groups and 81 individual banks, composed of 39 cooperative credit banks (BCC), 32 joint-stock companies and 10 cooperative banks. Over 80% of the system's total assets are attributed to the 12 domestic stand-alone banking groups classified as "significant institutions" within the Single Supervisory Mechanism (SSM). Six more significant Italian groups are controlled by four foreign significant banking groups.

63. Beside banks, the financial system consists of other financial institutions mainly active in lending, trust companies, Investment firms, Asset management companies, electronic money institution (EMI) and Payment institutions (PI). Trust companies, Asset management companies and Investment firms, are less relevant in the Italian financial system in terms of transactions and number of customers share. Italy ranks second in Europe in terms of number of virtual currency service providers⁵. Based on data collected in the second quarter of 2025⁶, it appears that a total of approximately EUR 2 billion is held in virtual currencies through active operators, by a total of 2,1 million Italian customers. Following the entering into force of the MiCAR Decree⁷ in December 2024, there has been a decrease in VASPs' presence in Italy. At the end of 2024, there were 150 registered VASPs, which had decreased to 132 at the time of the on-site. The VASPs are allowed to continue operations in Italy under a transitional regime

⁵ According to OAM: Italy ranks second in Europe in terms of number of virtual currency traders. In the first quarter of 2023 held by customers cryptocurrencies worth more than EUR 1 billion, 21 July 2023; [Analysis First Transmission Information flows transmitted to the OAM by Service Providers on the use of virtual currency and digital wallets](#).

⁶ [Analisi Decima Trasmissione Flussi VASP.pdf](#)

⁷ Legislative Decree No. 129 of September 5, 2024: Adaptation of national legislation to Regulation (EU) 2023/1114 (MiCAR), as amended at the end of June 2025 by Legislative Decree No. 95 of June 30, 2025.

until June 2026, as long as they apply for a licence to be a VASP under MiCAR. The deadline for such an application is December 2025.⁸

64. Details of FIs are as follows:

Type of FI	Number licensed/ registered (31/05/2025) **	Licensing/ registering authority	AML/CFT supervisor
Banks	422	Bol	Bol
PIs and EMIs	70	Bol	Bol
Non-bank credit operators	197	Bol	Bol
Trust companies	32	Bol	Bol
Asset management companies	291	Bol	Bol
Investment companies	107	CONSOB	Bol
Insurance undertaking operating in life classes*	65	IVASS	IVASS
Insurance intermediaries who distributed policies in life classes*	15 308	IVASS	IVASS
Agents	6 687	OAM	GdF
Credit Brokers	350	OAM	GdF
Agents under Article 128 quater, paragraph 6 of the Consolidated Law on Banking	2 090	OAM	GdF
Italian Cross Border Operators	3	OAM	GdF
EU Cross Border Operators	20	OAM	GdF
Bureaux de changes	96	OAM	GdF
Agents and affiliated entities of Payment Service Providers (PSPs) and Electronic Money Institutions (EMIs)	80 246	OAM	GdF
Points of contact of EU PSPs /EMIs	15	OAM	Bol
VASP	126	OAM	GdF

*For insurance sector, data are updated at 31 December 2024.

** Updated as of 31 August 2025 (OAM): Agents n. 6.630; Credit Brokers n. 350; Agents under Article 128 quater, paragraph 6 of the Consolidated Law on Banking n. 1942; Italian Cross Border Operators n. 3; EU Cross Border Operators n. 21; Bureaux de changes n. 88; Agents and affiliated entities of Payment Service Providers (PSPs) and Electronic Money Institutions (EMIs) n. 82474; Points of contact of EU PSPs /EMIs n. 16; VASP n. 126.

⁸ At the time of the on-site, no applications had been received. Since the on-site, a total of 4 applications have been received by Italian authorities, while a further 5 operators are awaiting necessary approvals in other EU/EEA countries before being able to provide services in Italy. Italian authorities estimate a total of 10 operators will eventually be approved.

65. All DNFBPs are present in the country. Details of DNFBPs (as of 30 April 2025) are as follows:

Type of DNFBP	Number licensed/ registered	Licensing/ registering authority	AML/CFT supervisor
Casinos (land-based)	4	Parliament	GdF
Casinos (on-line gaming operators)	66	Customs and Monopolies Agency	GdF
Real Estate agencies	26 000	Chamber of Commerce	GdF
Lawyers	117 370**	National Lawyers' Council (CNF)	GdF
Notaries	4 992	National Council of Notaries	GdF
Other independent legal professionals	28 000	Labor Consultants Council Ministry of Economy and Finance Ministry of Economy and Finance	GdF
labor consultants	49		CONSOB
auditors with PIE/ERI assignments	39 535		GdF
auditors without PIE/ERI assignments)			
Accountants	120 000	The National Council of Chartered Accountants	GdF
TCSPs	231	Revenue Agency	GdF

*In Italy DPMS cannot be engaged in any cash transaction with a customer equal to or above USD/EUR 15 000. Data updated at 31.May.2025.

**Lawyers who conduct activities covered under the FATF Standards.

66. The AT placed the most weight on the banking sector, given its size, importance and central role in the financial system. It also placed significant weight on the VASP sector, given its inherent risks, the number of licensed VASPs and growing importance, and notaries, who play a central role as gatekeepers for a range of transactions concerning legal persons. Significant consideration was also given to fiduciary companies, due to the inherent risk and characteristics of their services as well as real-estate agents, lawyers and accountants, due to the inherent risks faced by those sectors. Investment firms and asset management companies were considered to be moderately important given their relative size. Life insurance companies were considered moderately important due to the regulatory environment and the stable composition of the sector with no new firms entering the market. Auditors were given lesser weight due to their relatively limited number and the low risks associated.

Legal persons and arrangements

67. Legal persons and arrangements in Italy can be Companies, Limited Partnerships Associations, Foundations or Cooperatives. In June 2025, there were:

Type of legal person/ arrangement	Total active entities
Joint-stock company	26 321
Sole proprietor company/Spa unipersonale	2 828 893
Limited Liability Company	1 146 832
Simplified limited liability company	299 545
Listed companies	408*
Cooperatives	79 082
General Partnerships	265 919
Limited Partnerships	285 721
Simple Partnerships	90 935

Details of listed companies: Euronext Milan: 190 Euronext Growth Milan: 211

68. The NRA indicates that criminal organisations make extensive use of companies with complex and opaque structures to obscure beneficial ownership information and as a channel for laundering.

Structural elements

69. The key structural elements for effective AML/CFT controls appear to be present in Italy, including political and institutional stability, stable institutions with accountability, integrity and transparency, the rule of law, and a capable and independent judicial system. There is a clear commitment to comply with relevant international law, and fundamental principles of domestic law apply, including legal rights such as due process, the presumption of innocence and a person's right to effective protection by the courts. There is a clear high-level commitment to address AML/CFT/CPF issues. While corruption, including corruption in the public sector, is an ongoing issue, it is recognised by the Italian authorities and pursued as a priority.

Background and other contextual factors

70. Italy has a mature and sophisticated AML/CFT regime, with a correspondingly well-developed legal and institutional framework and overall has a transparent, mature and sophisticated criminal justice, regulatory, supervisory and administrative regime in the country. The level of financial inclusion - defined as ownership of a bank or payment account - is generally high in Italy for both Italian-born and foreign-born residents⁹. The figures increase further when prepaid card ownership is considered. Prepaid cards offer a more accessible and affordable alternative to traditional banking services for making payments, transferring money, and storing funds.

71. The legal framework has been amended in line with the risk-based approach to reduce the impact of so-called de-risking, by reminding FIs of the importance of sound and proportionate risk management.

72. Corruption continues to be a significant threat in Italy, in respect to organised crime and public procurement. In view of the on-going threat relating to corruption in Italy, the National Anti-Corruption Authority (ANAC), an independent administrative authority was set up, whose institutional mission is to prevent corruption in all areas of administrative activity through regulation and supervision on various fronts: application of anti-corruption legislation and compliance with transparency obligations, conferral of public offices, conflicts of interest of officials, and the award and execution of public contracts. It also leads the preparation of the National Anti-Corruption Plan, through which four areas of increased corruption risk were identified: procurement, personnel recruitment, grants, authorisations and concessions.

73. An inter-institutional coordination mechanism is in place to improve cooperation between the authorities involved in the prevention and fight against corruption: "*Tavolo inter-istituzionale di Coordinamento Anticorruzione*", based in the Ministry of Foreign Affairs and International Cooperation and composed, among others, of the Ministries of Justice, of Internal and Foreign Affairs, of the Economy, the National Anti-Corruption Authority (ANAC), the Financial Intelligence Unit, representatives from all the LEAs and Judicial Authorities, the DNA, the civil society and the private sector.

⁹ As of 2022, 94.4% of Italian-born households held an account, compared to 92.3% among foreign-born households. Data are retrieved from the Survey on Household Income and Wealth – 2022, available at [Banca d'Italia - Survey on Household Income and Wealth - 2022](#).

AML/CFT/CPF strategy

74. Since 2007, the Financial Security Committee is responsible for coordinating relevant authorities to prevent money laundering, terrorist financing and proliferation financing risks, setting out national strategic directions and formulating AML/CFT/CPF policies in line with Italy's risks. The NRAs specify lines of action stemming from residual risks identified in the assessment, which represent national policy strategies which are implemented and further developed at operational level by the competent authorities. This national AML/CFT strategy helps set clear priorities and ensure national coordination between the various competent authorities.

Legal and institutional framework

75. Italy has a comprehensive AML/CFT legislation. Under the Criminal Code, all categories of crime listed in the FATF glossary are predicate offences for ML. This is accompanied by a strong legal framework for seizing and confiscating proceeds of crime as well as illicit assets of criminals through a range of criminal measures under the Criminal Procedure Code as well as preventive measures under the Anti-Mafia Code (AMC).

76. The main ministries, agencies and authorities responsible for AML/CFT are:

Ministries and Co-ordinating Bodies

- **Ministry of Finance and Economy (MEF)** is responsible for policies to prevent the use of the financial system and of the economy for the purpose of ML/TF. The MEF also has the power to levy AML/CFT administrative sanctions, following proposals from the Guardia di Finanza (GdF), the Anti-Mafia Investigative Directorate (DIA), and the UIF for non-compliance with STR obligations.
- **Ministry of Interior (Mol)** is responsible for the public order and general security policies. It coordinates the four national police forces (*Carabinieri*, *Guardia di Finanza*, *Polizia di Stato* (State Police) and *Polizia Penitenziaria* (Prison Police)) to this effect. The Mol directly administers the State Police.
- **Ministry of Justice (MoJ)** deals with the organisation of justice/courts and some administrative tasks such as managing the judicial records register. MoJ also coordinates international cooperation requests.
- **Ministry of Foreign Affairs and International Cooperation** (*Ministero degli Affari Esteri e della Cooperazione Internazionale* - MAECI) coordinates certain international cooperation actions as well as certain aspects of international sanctions implementation.
- **The Financial Security Committee (FSC)**, chaired by the MEF, is the main national coordination body for AML/CFT/CPF policy and action. FSC includes all key authorities as its members, including MEF, MiMiT, Mol, MoJ, MOFA, BoI, CONSOB, IVASS, UIF, GdF, DIA, DNA and ADM. FSC also coordinates targeted financial sanctions policy and implementation. FSC organised and led the NRA process.
- **The Strategic Anti-Terrorism Analysis Committee** (*Comitato di Analisi Strategica Antiterrorismo* - CASA) is a permanent round table composed by senior representatives of the security agencies of Italy and provides a central forum to coordinate counter-terrorism activities in Italy. CASA is chaired by the Ministry of Interior and is attended at a senior level by the LEAs, which include the GdF, State Police, and Carabinieri, as well as Italy's intelligence agencies.

Criminal Justice and Operational Agencies

- **Guardia di Finanza (GdF)** is the Italian law enforcement body with military status placed under the direct authority of the MEF. It is the lead investigative body combating financial crime, money laundering, terrorist financing, tax evasion and avoidance and smuggling. GdF performs both judicial police investigations and preventive administrative investigations. GdF is also the AML/CFT supervisor for all DNFBPs and certain FIs (fiduciary companies and VASPs). The GdF's Special Currency Police Unit (*Nucleo Speciale Polizia Valutaria* - NSPV) is the GdF's main AML/CFT investigative and supervisory arm.
- The **State Police** (*Polizia di Stato*) is the main civil Italian police force responsible for the maintenance of public security and order. It carries out both preventive activities (patrolling, territory control) and law enforcement activities for any type of crime.
- The **Carabinieri** (*Arma dei Carabinieri*) is the Italian military police corps with law enforcement duties. The Raggruppamento Operativo Speciale (ROS) is the main investigative arm of the Carabinieri, which investigates organised crime and terrorism both at national and international levels.
- The **Anti-Mafia Investigation Department** (*Direzione Investigativa Anti-Mafia* - DIA) is a special inter-force investigative body entrusted with fighting organised crime. DIA is staffed with personnel from the State Police, Carabinieri, GdF, and Penitentiary Police.
- **National Anti-Mafia and Anti-Terrorism Directorate** (*Direzione Nazionale Antimafia e Antiterrorismo* - DNA) is the judicial coordinating body which enforces the anti-mafia legislation and counter-terrorism matters. It includes the National Anti-Mafia Prosecutor (*Procuratore Nazionale Antimafia*) and 20 deputy prosecutors. The DNA works in close coordination with the DIA, GdF and the UIF.
- The **Public Prosecutor's Office** can take full responsibility of and direct any investigation in the system, including ML and TF, or initiate investigation on its own. In such cases, the Prosecutor's Office may avail itself of any police (acting as Judicial Police) during the investigation stage. The DNA has a proactive coordination function for investigations assigned to the Prosecutor.
- **Unità di Informazione Finanziaria** (UIF) - is an administrative FIU housed within the Bol. The UIF is the national centre for receipt, and analysis of suspicious transaction reports and other information relevant to ML, associated predicate offences and TF, and for the dissemination of the results of that analysis to LEAs.
- **Inland Revenue Agency** (*Agenzia delle Entrate*) is mainly responsible for collecting tax revenues, providing services and assistance to taxpayers and carrying out assessment and inspections aimed at countering tax evasion.
- The **Customs and Monopolies Agency** (*Agenzia delle Dogane e dei Monopoli* - ADM) is the national customs administration entrusted with checking imported and exported goods, including cash, and with the verification and collection of customs and excise duties and the management and control of VAT on intra- EC goods circulation.

Supervisory Authorities

- **Bank of Italy** (*Banca di Italia* - Bol) is responsible for the AML/CFT supervision of banks, e-money institutions, payment institutions, non-bank financial intermediaries, investment firms, asset management companies, some types of trust companies, *Poste Italiane SPA*, and *Cassa Depositi e Prestiti SPA*. Since December 2024, the Bol is also responsible for the AML/CFT supervision of CASPs (crypto-asset issuers and service providers (CASPs), licensed according to the MiCA Regulation, of which there were none at the time of the onsite). Concerning banking groups operating in Italy, the ECB is responsible for the prudential supervision of significant

banks, which in the case of Italy, are twelve domestic stand-alone and another six domestic banking groups controlled by four foreign banking groups; the Bol is responsible for the prudential supervision of the aforementioned remaining financial institutions.

- The **National Commission for Companies and the Stock Exchange** (*Commissione Nazionale per le Società e la Borsa* - CONSOB) is the public authority responsible for regulating the Italian financial markets. CONSOB is the AML/CFT supervisor of independent auditors and auditing firms of Public Interest Entities ("PIE"). CONSOB also collaborates with Bol in conducting on-site inspections on investment firms and asset management companies.
- The **Institute for Insurance Supervision** (*Istituto per la Vigilanza sulle Assicurazioni* - IVASS) is the AML/CFT supervisor of insurance and reinsurance undertakings as well as all the other bodies subject to the regulations on private insurance, insurance agents and brokers included.
- The **GdF** is the AML/CFT supervisor for all DNFBPs, certain FIs (fiduciary companies and VASPs, until the transitory regime under the MiCAR ends). The GdF's Special Currency Police Unit (*Nucleo Speciale Politoriale Valutaria* - NSPV) is the GdF's main AML/CFT supervisory arm.

Self-Regulatory Bodies (SRBs) and Industry bodies

- **National Notarial Council** (*Consiglio Nazionale del Notariato*) is the SRB for notaries. Notaries play an important role in legal transactions, such as property deeds, wills, and legalising company formation documents.
- **National Bar Association** (*Consiglio Nazionale Forense*) is the SRB body for lawyers. This body oversees lawyers in Italy, ensuring compliance with legal ethics and professional conduct for those practicing law in the country.
- **National Council on Accountants** (*Consiglio Nazionale dei Dottori Commercialisti e Degli Esperti Contabili* - CNDCEC) is the SRB for accountants. This body regulates accountants and financial experts in Italy to ensure that accountants adhere to professional standards and ethics in their work.

Preventive measures

77. AML/CFT preventive measures for FIs and DNFBPs are laid in Legislative Decree (LD) 231/2007 (the "AML law"), as amended by LD 90/2017 and LD 125/2019, and LD 95/2025). TF- and PF-TFS obligations are laid out in LD 109/2007 (the "CFT CPF law"), as amended by LD 90/2017 and LD 95/2025. Measures apply to all FIs, VASPs and DNFBPs. They also apply to additional professions including all online gaming operators (which cover activities beyond traditional casino-style games), art galleries, auction houses, labour consultants and certain cash handlers.

Supervisory arrangements

78. Italy's AML/CFT/CPF supervision is led by four main supervisory authorities. The Bol supervises banks, e-money institutions, payment institutions, non-bank financial intermediaries, investment firms, asset management companies, some types of trust companies, *Poste Italiane SPA*, and *Cassa di Risparmio di Roma e Prestiti SPA*; and from December 2024, crypto-asset issuers and service providers (CASP) according to the MiCA Regulation. CONSOB supervises PIE auditors, and IVASS supervises the insurance sector. GdF supervises all DNFBPs, certain FIs (fiduciary companies and bureaux de change), and VASPs. The UIF is responsible for verifying compliance of all obliged entities (only) with regard to the reporting of suspicious transactions and other communications to the Unit, in coordination with the primary supervisory authorities. SRBs for lawyers and accountants conduct market-entry checks and disciplinary functions following any sanctioning based on their own rules.

International cooperation

79. International co-operation is an important issue in the context of AML/CFT in Italy, given its exposure to the ML risk abroad of illicit proceeds generated in Italy (e.g. laundering abroad of tax offences and offences related to fraud). Domestic criminal groups launder the proceeds of crime committed in Italy, both domestically as well as outside Italy before the proceeds are brought back to Italy, while foreign criminal groups seek to move proceeds out of crime committed in Italy to third countries or to where some of the groups are based.

80. Italy has ratified the Vienna, Palermo, CFT and Merida conventions and has a strong framework for international co-operation which includes a range of bilateral and multilateral conventions for MLA and extradition. Where international conventions are lacking, provisions under the CCP apply to provide a legal basis for assistance.

81. The Ministry of Justice (The Directorate-General for International Affairs and Judicial Cooperation, Office I) (MoJ) is the Central Authority for international judicial cooperation. The MoJ receives letters rogatory of extradition and MLA in criminal matters. European Investigation Orders (EIOs) and European Arrest Warrants (EAWs) are received directly by the Public Prosecutors Office (PPO).

1 Assessment of risks, co-ordination and policy setting

The relevant Immediate Outcome considered and assessed in this chapter is IO.1. The Recommendations relevant for the assessment of effectiveness under this chapter are R.1, 2, 33 and 34 and elements of R.15.

Key Findings, Recommended Actions, Conclusion and Rating

Key Findings

- a) Overall, Italy has a well-developed understanding of its ML and TF risks, informed by three ML/TF NRAs and the individual risk understanding developed by authorities. While the understanding of TF risk in the NRA is less well developed than ML risk, relevant authorities demonstrated a developed understanding of TF risk facing Italy. Italy's NRA uses a robust, well-defined and comprehensive assessment methodology that utilises both quantitative and qualitative information. The understanding of ML/TF risks is relatively strong in the financial sector but is quite varied in the DNFBP sectors.
- b) Italy's AML/CFT policies are broadly aligned to the identified ML/TF risks. The FSC, chaired by the Ministry of Economy and Finance, and including all key authorities as its members, effectively coordinates AML/CFT policy and action at the national level, which allows for a whole of government approach in implementing policy measures.
- c) Overall, the results of Italy's assessments of ML/TF risks informs and supports the application of enhanced measures for higher-risk scenarios, and simplified measures for lower risk scenarios. The authorities generally apply a risk-based approach (RBA), even though some authorities, such as the Gdf while supervising DNFBPs, focus primarily on the highest risk entities for supervisory activity. Each authority usually aligns its objectives with the risks identified. However, the prosecutors' activities are only somewhat aligned with the national understanding of ML/TF risks. Finally, Italy lacks a process for risk-based resource allocation between the various competent authorities at the national level, which can lead to some resource imbalances.
- d) The Italian AML/CFT system is founded on strong domestic cooperation on AML/CFT issues at both the policy and operational levels. The authorities generally readily cooperate amongst each other for supervisory and operational matters, including cooperation through a wide

range of inter-agency MoUs. However, LEAs cooperate and coordinate amongst each other only to some extent, and the GdF acts as gatekeeper in parallel with the DIA, between the Carabinieri and the State Police and the UIF. Further, cooperation between the authorities and the SRBs is not as robust.

Recommended Actions

Italy should:

- a) use interagency mechanisms such as the FSC to capture and assess at the national level the state of risk-based resource allocation among the different agencies.
- b) ensure that Italy's assessment of ML/TF risks across sectors includes thorough understanding of the linkages between predicate offences, preferred ML methods and vulnerabilities.
- c) develop a common methodology to assess the geographic risks posed by foreign jurisdictions and more actively promote a shared understanding of these risks among the different authorities to inform their activities.
- d) better align the individual prosecutors' offices' prioritization processes for their activities and objectives with the specific ML/TF risks identified by Italy through coordinated processes, directives, or other communications by national stakeholders.
- e) include additional information sources on TF as part of the NRA process, such as information on international TF flows, to more comprehensively assess TF risks and further ensure the understanding by traditional counter-terrorism authorities (including Carabinieri and State Police) of the risks posed by TF activities.

Overall Conclusions on IO.1

Overall, Italy has a reasonably sound understanding of its ML and TF risks, informed by its three ML/TF NRAs. While the assessment of TF risks in the NRA is less robust than the assessment of ML risks, authorities generally have a developed understanding of TF risks which Italy faces. While Italy's authorities generally share a common, reasonably developed understanding of existing risks, there are some inconsistencies in the understanding of geographical risk between the different authorities. There are also some concerns about allocation of resources between authorities at the national level based on risks.

That considered, simplified and enhanced measures, are risk-based and support Italy's AML/CFT priorities. Italy demonstrates a consistent and coordinated approach in aligning the objectives and activities of competent authorities and SRBs with evolving AML/CFT policies, ensuring alignment with the NRAs and risk understanding of the authorities.

Additionally, Italy has robust domestic coordination and cooperation on AML/CFT issues at both the policy and operational levels.

Italy is rated as having a substantial level of effectiveness for IO.1.

Immediate Outcome 1

82. Since 2016 MER, Italy has completed two iterations of the NRA, in 2018 and 2024. In addition, Italy has participated in the European Union's Supranational Risk Assessment which was published in 2022.

83. National AML/CFT policies, such as the annual priorities issued by the MEF to inform GdF plans, the Bank of Italy's Strategic Plan 2023-2025 and the lines of action determined by the 2024 NRA, help focus Italy's efforts to strengthen their legal and institutional frameworks. Several coordination and cooperation mechanisms have also been updated or newly established, as detailed in the introduction.

1.1. Country's identification, assessment and understanding of its ML/TF risks

84. Overall, Italy has a well-developed understanding of its ML and TF risks. Since 2014, Italy has completed three ML/TF national risk assessments (NRAs) and continues to update and adapt its NRA regularly with the next iteration to be finalised in 2028. The regular updates of the NRA have helped ensure risk findings are informed by the latest financial crime landscape and emerging threats, such as new financial crime typologies that appeared during the COVID-19 pandemic. Italy's ML/TF risks are diverse and include both domestic and foreign illicit financial threats.

85. Italy's NRA uses a robust, well-defined and comprehensive assessment methodology which follows from and modifies the methodology used in the earlier iterations of the NRA in 2014 and 2018. The NRA assessed residual risks based on inherent risks and the effectiveness of mitigation measures at the national level. This was complimented by a sectoral analysis of each category of financial intermediary, professionals and non-financial operators. The sectoral part of the NRA assessed vulnerabilities in relation to the operations of the analysed category. However, there are deficiencies in the sources of information accessed to develop risk understanding. Specifically, the NRA did not use quantitative data from law enforcement agencies on predicate offences underlying ML offences (which Italy does not monitor) to help determine the risk profile of the country. Instead, Italy used more general information on total estimated illegal proceeds related to predicate offences and the sanctions applied for them.

86. All relevant AML/CFT authorities in Italy contributed to the NRA through the Financial Security Committee (FSC), which presided over the NRA process. The cooperation between authorities through the FSC has contributed to a strong shared understanding of the key risks that Italy faces. The NRA process also involved substantial input from the private sector, which was collected via questionnaires and engagements organised by professional associations for financial institutions, DNFBPs, as well as other professions with AML/CFT obligations under Italy law. In particular, Italy relied heavily on private sector feedback to help assess risks related to emerging sectors such as virtual assets.

87. Further, key authorities continuously assess inherent risks in critical sectors through strategic and operational risk products. The Bank of Italy (BoI) conducts risk analyses of the different financial sub-sectors to better understand specific risk factors posed by the different products and services offered by the various FIs. This assessment is based on an evaluation of risk factors that characterize the FIs in each sector, such as the products and services offered, distribution channels, customer characteristics, cash transactions, cross-border operations, and operations with high-risk countries. Since 2023, the BoI has used a data-driven algorithm, information gained from supervisory activities and from the supervised entities themselves, and qualitative assessments to determine risk ratings for individual obliged entities.

88. The GdF conducts operational risk analyses that merge information gained from inspections of DNFBPs and from judicial investigations, as well as other sources such as tax data. The UIF conducts annual or semi-annual projects, which are based on a wide set of information, namely aggregate STR analysis, SARA reports, gold-transactions declarations, and threshold-based communications on cash and are focused on specific sectors or challenges such as the risks posed by the use of cash or the gold sector.

89. The FSC proactively disseminates the results of the NRA with stakeholders, including with the private sector. Most recently a sanitised version of the NRA was shared with key obliged entities in May 2025. FIs leverage the NRA findings to inform their own self-risk assessments, which is mandated by the Bol, and these appear to be well-developed and detailed, especially for the larger institutions. The VASPs met with during the on-site visit also indicated that they prepare self-risk assessments.

90. Self-Regulatory Bodies (SRBs) of lawyers, notaries and accountants also participated in the development of the NRA, and Italy has made efforts in recent years to enhance SRBs' understanding of the risks. While these efforts have been more successful with certain SRBs than others, they have somewhat contributed to a rise in the ML/TF risk awareness of obliged entities in some non-financial sectors. For example, Italy has made concerted efforts to reach notaries, as key intermediaries for significant financial transactions in Italy, through the corresponding SRB, resulting in a more systematic approach to training notaries on their AML/CFT obligations and a greater risk awareness in the sector. However, other high-risk sectors, as identified in the NRA, retain lower levels of understanding such as lawyers, which have not taken a systematic approach to AML/CFT training through their SRB and have independently claimed their sector is at low risk for ML/TF, despite case examples of abuse of lawyers in complex ML schemes in Italy. This has created uneven levels of risk understanding among the DNFBPs, though Italy has made some efforts to tackle this deficiency already, as discussed above.

1.1.1. ML risks

91. Italy's assessment of its ML risk is reasonably sound. The NRA has characterised the traditional ML risk areas such as organised crime and tax offences as critical issues which pose high (or "very significant") ML risk. According to NRA 2024 and acknowledging the deficiency related to specific data on ML predicates noted above, Italy identified corruption, extortion, tax evasion and offences, drug trafficking and bankruptcy and corporate offences as the predicate offences posing the highest ML threat. These are followed by counterfeiting, smuggling, human trafficking/migrant smuggling, illicit waste trafficking, gambling, fraud and usury. In terms of sectoral risks, fiduciary companies, DPMS, and lawyers are assessed as having the highest inherent ML risks. Emerging risks such as those related to virtual assets have been thoroughly assessed in the NRA. Insurance companies and non-bank intermediaries such as investment firms are considered to have medium inherent risks, which are offset by the high level of supervision by the Bol. As a result, these two sectors are assessed as having medium ML risks.

92. For certain high-risk areas, such as corruption, Italy has published a series of indicators to help improve the public and private sector understanding of corruption-related risks. Public offices that handle administrative procedures in specific public sectors (public tenders and contracts, public funding, real estate and trade) are required to communicate to the UIF detected suspicious transactions. The UIF has issued risk indicators linked to projects and activities funded with EU resources. The UIF and GdF collaborate and use their analytical tools to identify anomalous patterns around these risks, such as criminal abuse related to Italy's COVID-19 economic recovery incentives. While the NRA lacks detail on certain areas of significant ML risk such as drug trafficking and migrant smuggling, these have been the subject of risk analyses by the authorities previously, such as in the 2018 and 2014 NRAs and separate

UIF analysis. In advance of the latest NRA, the Italian authorities considered, the specific threats posed by these activities for Italy have not changed substantially over the past 10 years.

93. Despite Italy's reasonably sound understanding of risks, Italian authorities do not share a common understanding of geographic risks posed by foreign jurisdictions and assess these risks using different methodologies. For instance, the UIF maintains an internal list of "risky" jurisdictions based on STR analysis, the Bol consolidates public international lists of riskier foreign jurisdictions, and the GdF has its own internal methodology to assess geographic risks that incorporates broader data on economic and security threats. Geographic risks posed by foreign jurisdictions are not well detailed in the NRA beyond those related to topics such as cross-border currency controls or human trafficking, and there is little cooperation between authorities on how best to assess these specific risks.

1.1.1. TF Risks

94. The NRA is less well developed in detailing TF risks, mainly due to variations in the availability of foundational information and data. The NRA relies predominantly on STR analysis with the addition of some open-source and intelligence information, as well as a few private sector reflections. A particular concern is the lack of information on TF international flows and the most frequently used TF typologies for such flows, which Italy indicated may be discussed by the relevant authorities in classified environments but have not been codified. While Italy has identified hawala, cash couriers and electronic money instruments as major mechanisms for TF, the particular risks from these activities have not been fully developed. Further, the authorities do not have a detailed understanding of the use of Italy as a source of terror financing abroad, as authorities link the risk of TF with the risk of terrorism within Italy.

95. While key authorities such as the UIF and GdF demonstrate a good understanding of the various TF risks and vulnerabilities the broader counterterrorism authorities do not fully share this understanding. Discrepancies exist in the alignment of the significant risk posed by lone wolf operators, who rely on micro-financing and Italy's focus on complex while pursuing TF financiers. (Refer to IO9). Simple TF and small transfers are identified as Italy's highest TF threat based on open-source reporting and reflections from terrorism investigations.

96. The 2024 NRA identified the risk of TF in Italy to be medium (or "rather significant"). International religious terrorism such as jihadism continues to pose the most substantial TF risk. TF risks related to domestic left-wing terrorist groups are also present but less substantial than international religious terrorism. Other TF risks posed by threats such as right-wing terrorism were analysed but were not considered very substantial. Italy has identified the abuse of prepaid cards and money transfers as the two most prominent vulnerabilities for TF, which Italy mostly tracks through STR analysis, followed by hawala networks, which Italy tracks through tools to identify the anomalous use of cash.

1.2. National policies and activities to address identified ML/TF risks

97. Italy's AML/CFT policies are broadly aligned to their identified ML/TF risks. The Financial Security Committee, which is chaired by the Ministry of Economy and Finance and includes all key authorities¹⁰ as its members, effectively coordinates AML/CFT policy and action at the national level.

98. The FSC mechanism is generally effective at ensuring a unified AML/CFT approach in Italy, especially among the core authorities such as the Bol, GdF, and UIF, and can react quickly to emerging ML/TF threats with novel policies and activities.

¹⁰ Authorities in the FSC: MEF, MoI, MoJ, MOFA, MAECI, Bol, CONSOB, IVASS, UIF, GdF, DIA and DNA.

99. In addition, competent authorities' strategies and operational plans incorporate the ML/TF risks identified and are reviewed on a regular basis within the FSC. For instance:

- The Bol maintains goals related to AML/CFT, including enhancement of risk methodologies and introduction of new supervisory tools, within its overall three-year strategic plan. In addition, the Bol has developed a more specific four-year AML/CFT strategic plan to determine supervisory priorities and allocate resources accordingly.
- The GdF's General Command issues annual strategic and operational plans on AML/CFT priorities, which incorporate the NRA findings, STR analysis, inspection results, and other data, to determine their activities.

100. The authorities also actively contribute to national AML/CFT legislation by leveraging the information they obtain on the identified risks. In particular, the UIF and the Bank of Italy has informed legislative changes such as the transposition of new EU regulations related to virtual assets and other initiatives.

101. The various authorities are responsible for the implementations of the lines of action and intervention. The Parliament is informed annually by the Ministry of Economy and Finance on the policies and activities of the competent AML/TF authorities, and this allows for parliamentary oversight of the authorities' work.

102. While the policies and activities of the competent authorities generally address the identified ML/TF risks, some concerns remain about the appropriate allocation of resources between authorities at the national level in line with risk, especially in the absence of processes to consider resource allocation on a risk sensitive basis at the national level. The FSC does not discuss resource allocation at the interagency level, and there is no determination of the resource needs among different authorities in line with the identified risks. Therefore, resource allocation across the different agencies could be improved to streamline Italy's AML/CFT system.

103. While this does not represent a substantial deficiency, in certain situations, this can lead to resource imbalances across authorities, with some authorities being over-resourced and others under-resourced. One example of this is that the DNA, which has only around 20 prosecutors with significant responsibility for coordinating all major Italian anti-mafia and anti-terrorism investigations among 26 different regional prosecutorial offices. At the same time, Italy has taken steps to bolster the resources available to some specific authorities in line with increasing workloads. This can be seen in the increased allocation of resources to the Bol, to ensure adequate resources are available for the upcoming and more intensive EU-wide AML/CFT approach.

104. Overall, Italy's national policies and activities appropriately address its identified ML/TF risks. The country has established a comprehensive and robust framework, supported by a clear commitment from all levels of government. This framework includes a well-coordinated mechanism that ensures the consistent and efficient implementation of AML/CFT measures across various sectors. Additionally, ongoing monitoring and evaluation processes, particularly periodic monitoring by Parliament, ensure the continued effectiveness and impact of the objectives of the different competent authorities. Addressing the challenge related to the appropriate allocation of resources at the national level would further assist in the effective implementation of the objectives.

1.3. Exemptions, enhanced and simplified ML/TF measures

1.3.1. Exemptions and simplified measures

105. Italy does not allow any general exemptions from AML/CFT requirements for financial activities covered by the FATF standards, however, the requirement to do CDD can be dispensed in two limited situations:

- payment of taxes or penalties to public administrations or bill-payment services to pay for utilities and other household bills.
- cash withdrawals of up to EUR 250, which were excluded from the CDD requirement in 2023, based on an analysis of business models and the low risks associated with such withdrawals.

106. FIs and DNFBPs in Italy can apply simplified due diligence measures. The AML law provides for some situations where simplified due diligence (SDD) measures may apply and incorporates a list of low-risk situations transposed from the EU AML directive. These situations, however, do not correspond to Italy's national context and the lower risks identified in Italy's NRA. For instance, the legislative list includes reference to certain gambling activities as low risk, though Italy has identified the national gaming sector as posing higher risks in the Italian context. Other low-risk factors are detailed in Bol and CONSOB regulations. The FIs and VASPs met with during the on-site visit do not use this legislative list in an automatic manner to identify certain customers and situations as low risk, but rather take a comprehensive approach to assessing lower risks based on the customers' profile and commercial activity. FIs generally classify Italian individuals engaged in consistent retail banking activities as low risk.

107. However, most FIs and VASPs generally prefer to not apply SDD for the customers identified as low risk, and only around three percent of customers are subject to SDD. The Bol has issued some guidance on de-risking in line with EU guidelines and has consulted with specific obliged entities on the proper application of SDD. Italian authorities' outreach to the DNFBP sectors has been focused mainly on the proper application of EDD and CDD, rather than on the application of SDD. However, Italy has indicated that the application of SDD is also quite low for these sectors.

1.3.2. Enhanced measures

108. Overall, the results of Italy's assessments of ML/TF risks informs and supports the application of enhanced measures for higher-risk scenarios.

109. FIs and DNFBPs in Italy generally apply enhanced due diligence for high-risk customers in line with their evolving risk profiles. They often identify high-risk customers in Italy using indicators such as PEP involvement, connections with countries on international lists, association with perceived high-risk activities such as gaming or money transfers, linkages to previous STR reporting or law enforcement requests, involvement of a trust in the customer's company ownership structure, and other factors. The AML law and the regulations issued by the Bol, IVASS and Consob provide for certain situations where EDD must be considered. Italian entities usually subject high-risk customers to more regular review (e.g., once a year versus once every three or five years for a lower risk customer).

110. Given the higher risks associated with agents and distributors of Payment Service Providers and Electronic Money Institutions, Italy has required these FIs to apply CDD measures for all occasional transactions and not only in cases where a business relationship is established.

1.4. Objectives and activities of competent authorities and SRBs

111. To a large extent, the objectives and activities of the competent authorities are consistent with the evolving national AML/CFT policies and with the ML/TF risks identified, ensuring alignment with the NRAs and other risk assessments.

112. Competent authorities such as the BoI, the UIF, the GdF, IVASS and Consob set their priorities through annual work plans or multi-year strategic plans. These work plans take into consideration the findings of the NRA as well as the priority areas of action that have been identified as a part of the NRA process. Competent authorities also adjust their regulatory and supervisory activities in line with the evolving ML/TF risks.

113. For instance, the BoI has introduced several regulatory amendments and issued several supervisory guidance to respond to risks identified in the EU SNRA and the NRA. Additionally, the BoI sets specific supervisory objectives for its activity through a four-year AML/CFT strategic plan, which was developed from the findings of the NRA. Similarly, the UIF's strategic plan, which is also informed by the NRA findings, determines the UIF's priority areas of intervention, resource allocation, analytical activities, outreach, and supervisory functions which are then carried out consistently with such plan. The UIF's inspection activity is targeted mainly towards the financial sector and certain risky non-financial operators (e.g., the gold and gaming sectors). In addition, the GdF's annual operational plans are formulated taking into account the strategic priorities set by the MEF and the contents of the NRA, as well as information gathered by the GdF on the sectors and phenomena posing the greatest risk.

114. Further, SRBs align their objectives and activities with evolving AML/CFT policies, and the risks identified, to some extent. The SRBs coordinate with the FSC on developing technical rules for professionals, which aid professionals in implementing their AML/CFT responsibilities. Further, some SRBs, such as the National Notarial Council, prioritise their own activity in line with identified risks. The other SRBs, such as the SRBs for lawyers and accountants (i.e. the National Bar Association and the National Council on Accountants), do not have the same level of alignment between their activities and the risks identified. Closer alignment between the SRBs' activities and the ML/TF risks identified could bolster professionals' risk awareness and understanding of their AML/CFT requirements.

115. However, despite this general alignment of objectives and activities of authorities, there are instances where the objectives and activities of the competent authorities are not consistent with AML/CFT policy and risks. While the GdF somewhat aligns its operational plans and activities with the risks identified, the allocation of its supervisory efforts across the different DNFBP sectors does not fully match with the risks presented by the various sectors.

116. Prosecutors' objectives and activities are only somewhat aligned with the national understanding of ML/TF risks, as they instead prioritise their activities based on broader considerations, including the fact that criminal prosecution is mandatory under Italy's Constitution. Further, cases are prioritised in accordance with a list of priority crimes issued by parliament, which has expanded since its creation and prioritises all crimes punishable by four years or more imprisonment. In addition to the list promulgated by parliament, each of the individual prosecutor's offices can determine their own more specific prioritisation for cases, which do not appear to be informed by the ML/TF risks Italy has identified. Italy does not maintain any more specific strategic or guidelines related to prosecutorial priorities. The prosecutor plays a central role in directing the conduct of official investigations, granting the LEAs powers to use measures such as wiretapping, and deciding whether the evidence obtained warrants a court case. Given the central role of the prosecutor, this lack of national alignment between objectives and ML/TF risks identified can result in difficulties pursuing priority ML/TF cases.

1.5. National coordination and cooperation to develop and implement policy

117. The Italian AML/CFT system is founded on strong domestic cooperation on AML/CFT issues at the both the policy and operational level. The FSC serves as a central body to coordinate ML/TF policy across a broad range of authorities, including government agencies and regulatory authorities. The FSC is chaired by the MEF and has regular monthly meetings, even though, in practice, the FSC often meets more regularly to discuss emerging risks.

118. Authorities also coordinate outside the FSC on policy development. The supervisory authorities (BoI, UIF, GdF, CONSOB, and IVASS) and the UIF regularly coordinate amongst each other and with other stakeholders on policy development and implementation. An instance of this can be seen in committees organised by one authority to update technical regulations related to FIs and DNFPBs that often include representation from multiple authorities.

119. The authorities maintain and update MoUs between each other. Such MoUs facilitate communication and collaboration and allow for a fluid flow of information between competent authorities. As an example, the MoU between the BoI and the UIF allow the authorities to easily share a wide range of information, such as open-source intelligence results, information on sanctioning proceedings, and remedial actions undertaken by the reporting entities.

120. Italian authorities coordinate regularly with the SRBs to draft and finalise their technical regulations, which must be approved by the FSC before issuance, and other formal policies related to the non-financial sector. Additionally, MoUs between SRBs and competent authorities have strengthened cooperation and coordination between the authorities and the SRBs. For example, the MoU between the National Council of Accountants and the UIF has led to the regulation of technical specifications for forwarding STRs filed by the accountants.

1.6. National coordination and cooperation for operational purposes

121. Italian authorities maintain close cooperation and coordination for AML/CFT operational purposes. The BoI, UIF, GdF, CONSOB, and IVASS coordinate for operational purposes, formally and informally, as evidenced by their collaboration prior to and during inspections and other supervisory activities. This includes regular meetings between the authorities to share information on the entities targeted for supervision and to avoid overlapping activities for specific inspections.

122. The authorities have also begun to utilise strategic Public Private Partnerships (PPP) to enhance operational cooperation. The UIF and the BoI have a PPP with the Italian Banking Association (ABI), and most relevant banks' experiences and emerging trends and risks are shared with the private sector. While it is still in its nascent stages, this PPP will eventually be leveraged to assist the UIF in updating its risk indicators and could help refine the instructions on detecting and reporting STRs. In the future and in its role as supervisory authority, the BoI could potentially benefit from evidence discussed in the PPP to strengthen its risk understanding and effectiveness of its actions, including cooperation with the banking sector.

123. There are good operational communication channels between the UIF and other competent authorities, especially with the GdF and DIA. The UIF shares STRs and corresponding analysis quickly with GdF and DIA. While LEAs cooperate and coordinate amongst each other to some extent, the GdF plays a gatekeeping role regarding ML/TF cooperation with the Carabinieri and the State Police, and acts as an intermediary for transmitting financial intelligence to them in line with their respective competencies in economic and financial police tasks assigned by law. The GdF having developed several in-house IT tools to meet the specific needs of a specialised police force in the fight against financial

crime, retains sole access to certain operational tools and databases which are used for ML/TF investigations. In addition, operational coordination and feedback mechanisms between the UIF and the Carabinieri and the State Police exist, but these are limited in scope. The UIF can respond to ad hoc operational requests from other authorities such as the prosecutors and EPPO, also on the basis of specific MOUs and using a dedicated channel.

124. Italian authorities also coordinate with the SRBs and have established MoUs with the different SRBs. However, the focus of such cooperation is on training and outreach activities. Also, there is a lack of cooperation with SRBs on AML/CFT supervisory activities. While the SRBs are informed about sanctions imposed on specific entities, the GdF does not communicate broader outcomes of its supervisory activity to the SRBs, in particular concerning the exchange of information about specific entities that could bolster both the GdF's supervision and the SRBs' professional oversight.

2 International cooperation

The relevant Immediate Outcome considered and assessed in this chapter is IO.2. The Recommendations relevant for the assessment of effectiveness under this chapter are R.36-40 and elements of R.9, 15, 24, 25 and 32.

Key Findings, Recommended Actions, Conclusion and Rating

Key Findings

- a) Italy has a comprehensive legal basis to provide and seek a broad range of assistance both under the EU framework which facilitates direct and seamless cooperation, as well as based on a more traditional international cooperation framework for cooperation outside the EU context. Italy uses both frameworks as needed, to provide and seek cooperation for ML and other offences broadly in line with its risks, as well as to pursue illicit assets.
- b) Italy's international cooperation framework is supported by an electronic case management system to support criminal investigations and asset recovery. The MOJ (as the central authority) monitors this whenever necessary, although not on a systematic and regular basis.
- c) Italy is systematically locating and extraditing criminals through domestic coordination, as well as through its EU and more traditional judicial frameworks, and using informal cooperation to facilitate and extradition requests. The most dangerous fugitives are prioritised and the types of offences for which criminals are extradited are in line with Italy's risk profile.
- d) Italian authorities, especially UIF, GdF and DIA are well plugged into multiple international cooperation platforms, particularly in the European region, which they suitably use to seek information and evidence and pursue criminals and their assets, and respond constructively to similar requests. Italian LEAs also do this significantly through the use of Joint Investigative Teams (JITs) especially within Europe, CARIN/ARIN forums and GdF liaison officer attaches worldwide. Information and assistance through these are used to support judicial international cooperation to facilitate criminal investigations and asset recovery as well as to locate and extradite criminals.
- e) Financial supervisors generally seek and provide cooperation with their foreign counterparts especially under the EU framework. Most DNFBPs are based domestically and their supervisors have therefore not engaged in international cooperation.

Recommended Actions

Italy should:

- a) regularly and systematically use its case management systems for formal international cooperation to monitor the quality and timeliness for incoming and outgoing requests both within and outside the EU. This would include maintaining comprehensive data on transnational asset recovery to be able to monitor the extent to which it is proactively pursuing illicit assets abroad in line with its risk profile.
- b) provide more support at the central/ministerial level to relevant authorities to pursue MLAs and asset recovery requests, by making available to them operations manuals on international cooperation that provide a detailed overview of mechanisms available and a practical guide on how to use them, a Standard Operating Procedures (SOPs) on their activation, as well as detailed information on cooperation procedures and relevant domestic and foreign contact points.
- c) enhance the cooperation between supervisors of higher-risk DNFBPs with cross-border exposure and foreign counterparts within the supervisory function, where appropriate.

Overall Conclusions on IO.2

Italy has a sound and well-developed framework for its international cooperation both at formal and informal levels. Case studies, statistics as well as feedback from the global network reflect that the Italian authorities use the system as a whole to support international cooperation to facilitate action against criminals and their property. As a result, Italy is processing a large number of outgoing and incoming formal requests each year, and its authorities actively participate on international platforms to exchange law enforcement information, financial intelligence and facilitate asset recovery.

Italy is plugged in to the international cooperation structures, especially within Europe, and its law enforcement authorities are actively engaged with their counterparts to seek and provide timely assistance. While there have been instances of effective cooperation outside the EU framework, these are generally dependant on good informal relationships between counterparts in addition to well established structures. Based on data and statistics presented, Italy is using its international cooperation framework as a whole broadly in line with its risks.

LEAs and UIF use both international and EU networks and infrastructures effectively and have been instrumental to pursuing fugitive criminals obtaining asset seizures and confiscations through their international cooperation networks. Assets recovered through international cooperation related largely to ML and organised crime, which is broadly in line with Italy's risks, and Italian authorities pursue international cooperation whenever there is a significant transnational link, and asset recovery relates mostly to transnational organised criminal activity, where money from high-risk predicate crime was laundered. Through JITs, CARIN/ARIN forums and GdF liaison officer attaches worldwide, Italian authorities use information and assistance to support judicial international cooperation to facilitate criminal investigations and asset recovery as well as to locate and extradite criminals.

However, Italy is not systematically using its case management system to monitor the quality and timeliness of incoming and outgoing requests, as well as its IT systems and other mechanisms to monitor the extent to which it is systematically using MLAs and extradition mechanisms in line with its ML/TF risks and proactively pursuing illicit assets abroad in line with its risk profile. Most DNFBP

supervisors are based domestically and unlike financial supervisors, have not engaged in international cooperation in their role as supervisors.

Italy is rated as having a Substantial level of effectiveness for IO.2.

Immediate Outcome 2

125. International cooperation is particularly important for Italy, as the country faces a high risk of organised crime from both domestic mafia-type organisations and other criminal groups that operate internationally.

126. In particular, international criminal groups operating in Italy seek to move proceeds of crime committed in Italy to third countries where some of the groups are based. Domestic criminal groups launder the proceeds of crime committed in Italy, domestically as well as abroad before the proceeds are brought back to Italy. The volume of proceeds arising out of corruption (including foreign bribery) and tax offences have resulted in investigations of money laundering across borders and through complex structures. Illicit outflow of cash both for international criminal groups operating in Italy seeking to move proceeds of crime abroad (both within and outside Europe), including to where these groups are based, as well as for the purpose of supporting terrorism or terrorist groups abroad, use more informal money transfer systems and the physical cross-border transfer of cash through cash couriers.

127. Italian authorities are well sensitised to the international dimension of ML and TF in Italy and have established formal and informal structures to support international cooperation to facilitate action against criminals and their assets. The international judicial cooperation in Italy is characterised by a multilevel structure where relations with foreign jurisdictional authorities are regulated differently depending on whether cooperation takes place with an EU-member, with countries with which there is bilateral or multi-lateral treaty arrangement, or with third countries outside treaty arrangements, where cooperation is based on reciprocity. This means that Italy basically operates two parallel mechanisms for international cooperation. One builds on the EU international cooperation frameworks, which facilitate direct and timely cooperation, while the other establishes a more traditional international cooperation frameworks for cooperation outside the EU context.

128. Overall, Italy received broadly positive feedback from the FATF Global Network on its formal cooperation, including from countries outside Europe, noting the swift responses particularly for urgent requests.

2.1. Providing constructive, timely and quality mutual legal assistance and extradition

2.1.1. Providing evidence and locating criminals

129. There are two parallel mechanisms used in Italy to respond to international requests to provide evidence and locate criminals on behalf of a foreign authority. One builds on the EU legislation on European investigation orders (EIO's) which facilitates direct and seamless cooperation. The other is based on bilateral or multilateral treaties or reciprocity and establishes a more traditional international cooperation framework for requests of mutual legal assistance (MLA's). Through either of these, Italy can provide very broad range of assistance in criminal matters.

130. The Ministry of Justice (The Directorate-General for International Affairs and Judicial Cooperation, Office I) ('MoJ') is the Central Authority for international judicial cooperation. As Central Authority, the MoJ receives letters rotatory in international criminal matters, including MLAs. The MoJ distributes the requests to the appropriate competent authorities for execution since the MoJ itself is not usually directly involved in the execution of requests. The executing competent authority can, without the involvement of the Central Authority, send the request to another unit or competent authority, if appropriate.

131. Competent authorities generally execute requests in a chronological order as they are received but the seriousness of the offence as well as the urgency of the matter are important factors for prioritisation. The Italian authorities informed that they make every effort to respond to every request that comes in. Case studies presented as well as feedback from the FATF global network, reflected that the competent authorities were providing judicial assistance to countries in criminal matters, usually with good quality and within a reasonable time.

132. The MoJ uses computerised case management systems to facilitate the processing of all international requests, including MLA's. The most established is the web-based document management software system called 'Calliope' which enables automatic registration and transmission of requests to the competent executing authority through a paperless network. The system processes requests according to a strict chronological order, which can be overridden if a particularly urgent situation is presented from an Italian or foreign authority. The Calliope enables the MoJ to monitor actions taken on specific judicial assistance or extradition requests as well as the timeliness of responses. Such monitoring is conducted whenever necessary based on emerging needs or specific requests coming from either Italian or foreign authorities. However, it was not demonstrated that the MoJ regularly and systematically uses the Calliope software to monitor the quality and to enforce the timelines for the execution of requests. There is also no other process at national level for monitoring the quality and timeliness of the requests in their entirety, which means that any challenges faced for execution are not routinely identified, which may affect the possibilities for Italy to effectively identify any emerging needs for improvement of its mutual legal assistance system. However, direct engagement between foreign authorities and regional PPOs to process various international requests, contributes to speed and connectivity. Such requests are made under the applicable EU-regulations which contains clear time frames and mechanisms which facilitate follow-up through direct contact between domestic and foreign authorities. Thus, the risk that requests are falling through the cracks is not a significant one in the case of Italy.

133. Since 2017, the 'Watson' software is used alongside the Calliope. Watson is able to create statistical reports on international cooperation requests, distinguished by country, crime category, legal basis and type of activity. However, at the time of the on-site, the Watson software was still in the process of being populated in view of some glitches that had been identified. This meant that during this period, Italy's case management systems for its international cooperation framework (particularly for EIOs and MLAs) both for requests within and outside the EU did not provide effective oversight or allow effective monitoring for the quality and timeliness of international requests¹¹.

134. Within the EU framework, EIOs are received directly by the Public Prosecutors Office (PPO) and captured chronologically in 26 *Assistenza Giudiziaria Internazionale* (AGI) regional registers maintained by the respective regional PPO. While this allows for some monitoring, foreign judicial counterparts usually follow up directly with the Italian judicial authorities. EIOs are governed by EU Regulations which prescribe timelines (90 days from the receipt of the EIO, unless the requesting country indicates

¹¹ Following completion of data migration from Calliope, since November 2025, the Watson software has been fully operational with current data. The team was thus subsequently provided more granular data on the offences for which international cooperation was sought and received during the evaluation period.

urgency), and which are monitored by the Chief Prosecutor of the region. The assigned Public Prosecutor (PP) is also obliged to notify both the MoJ and the DNA of the receipt of an EIO. The DNA will have a coordinating role for crimes handled by the DNA (mafia-style crimes, organised criminality, terrorism and cybercrimes).

135. As reflected in tables 2.1, Italy received 10 260 MLA requests over the evaluation period, of which 3324 related to ML/TF. In addition, Italy received 11 844 EIOs over the same period, with an average of over 2 000 requests annually. Significant number of requests received related to offences against property, counterfeiting, economic and trade-related offences, terrorism and drug-related offences and the average completion time was one and a half months. Italy has not been able to provide statistics on how many requests had been executed and how many remained pending. Nevertheless, feedback relating to EIOs from the FATF Global Network was generally satisfactory with occasional delays.

Table 2.1. Legal Assistance Requests Received

	2020	2021	2022	2023	2024	2025 (until May)	Total
Nos of MLA requests received	2 049	1 244	490	3 907	2 444	126	10 260
Nos of EIO requests received	2 066	2 199	2 335	2 149	1 987	1 108	11 844

Box 2.1. MLA with the Vatican City

Vatican City made an MLA request to Italy in February 2021 in relation to an ongoing investigation for the crimes of embezzlement, abuse of office, fraud, and self-laundering involving illicit real estate investment in London. Vatican City requested copies of the investigation findings conducted by the Rome Prosecutor's Office which was conducting an investigation on the same property. The MoJ as the central authority forwarded the request to the Public Prosecutor's Office of Rome. In March 2021, the Rome judicial authority ordered the transmission to the MoJ of the crime report and the indictment order for the requesting State's authorities. MoJ forwarded this to the MFA, which transmitted the documents to the Vatican City authorities. There were several follow-up requests on this investigation in 2022 and 2023 which were duly executed by the Italian authorities.

2.1.2. Extradition

136. The mechanisms through which criminals can be extradited from Italy are either under the EU's European arrest warrants (EAW) framework, or under the frameworks of bilateral and multilateral treaties or based on under reciprocity assurances. Italy has entered into extradition arrangements with a broad range of countries, especially since 2024.

137. The MoJ is the Central Authority for extradition requests outside the EU framework. It uses the Calliope software to receive and transmit extradition requests as described above. Within the EU framework, EAWs are received directly by the PPO and are recorded chronologically in the 26 AGI regional registers. However, the decision to extradite, surrender or return the fugitive is a decision made by court. Both are supported by the *Servizio per la Cooperazione Internazionale di Polizia* (SCIP) under the Ministry of Interior in dealing also with INTERPOL's Red Notices and Diffusions.

138. Unlike MLA requests, the court procedures for extradition and EAWs prescribe strict timelines failing which the fugitive must be released. Most extradition requests are based on bilateral or multilateral treaties and about 10% based on reciprocity assurance. Significant number of extradition requests and requests to execute EAWs related to property offences, counterfeiting offences, narcotics offences, sexual crimes, economic trade related offences and tax and customs offences. As reflected in Table 2.2, over the evaluation period, Italy received 1382 extradition requests and 2889 EAWs.

139. At the time of the onsite, Italy was working to implement the IT system for collecting and managing international judicial cooperation procedures and therefore was not able to present statistics how many of these had been executed and rejected, and how many remained pending. However, Italy provided cases where extradition requests were executed which reflected a functioning framework. Authorities confirmed that most of the rejections were related to human rights concerns and the availability of death penalty for the offence for which extradition was requested, these concerns did not usually come up for ML/TF requests. Feedback relating to extradition requests from the FATF Global Network noted some instances of delays, but more positive for the execution of EAWs.

Table 2.2. Extradition and EAW Requests Received

	2020	2021	2022	2023	2024	2025 (until May)	Total
Nos of extradition requests received	223	206	195	332	307	119	1 382
Nos of EAW requests received	478	566	426	593	545	281	2 889

Box 2.2. Extradition to the USA

In October 2021, the USA issued an arrest warrant against a non-EU citizen for charges of bank fraud, wire fraud, ML and aggravated identity theft that involved a complex criminal scheme that caused financial damage exceeding USD 31 million to various financial institutions. The fugitive was arrested in Italy in December 2024, and the Milan Court of Appeal ordered the pre-trial detention. The Ministry of Justice, in coordination with the INTERPOL Division of the Ministry of the Interior, swiftly activated the procedures provided under the bilateral extradition treaty, managing the transmission of the required documentation and requesting simplified extradition, made possible by the suspect's consent. By decree in February 2025, the Minister of Justice granted the extradition, which was successfully carried out with the transfer of the individual to U.S. authorities on March 6, 2025.

2.1.3. Facilitate asset recovery

140. Italy is able to enforce foreign freezing, seizing and confiscation orders based on the Code of Criminal Procedure (CCP), as well as on EU Regulations. Requests from countries outside the EU framework are handled in the same manner as MLA requests (see above). Requests under the EU framework are transmitted directly from the foreign judicial authorities and registered with the appropriate PPO in Italy as the Regulation allows for direct communication between the judicial authorities. Similar to EIOs, the execution is monitored by the Chief Prosecutor of the region. There is an obligation to notify the Central Authority of the request, although this does not always happen (which affects statistical collection). Italian authorities are implementing enhanced systems to be able to completely map the movement. Currently, no data was provided on the number of foreign orders for

seizures or confiscations and the volume of assets seized and confiscated on behalf of foreign requests. Based on case studies and feedback, no concerns were raised regarding Italy's response to MLA and other requests for legal assistance to facilitate asset recovery, including enforcement of foreign freezing, seizing and confiscation orders. However, the lack of systematic monitoring in this area means that any challenges are not routinely identified, which may affect the possibilities for Italy to effectively identify any emerging needs for improvement of its asset recovery system.

Box 2.3. Asset Recovery and Sharing with the UK

The UK issued a confiscation order against an individual for drug-related offence in 2014 which was recognised by the Court of Appeal of Rome in 2015. Amongst the assets identified was agricultural land and a villa. The management of the real estate was complex, and the sale process was completed in 2023. In 2024, the Court of Appeal of Rome informed the MoJ that the net amount obtained from the sale was over EUR 100 000. A new post-Brexit sharing agreement had to be negotiated with the UK, which was agreed, based on which the UK and Italy came to an agreement to equally divide the proceeds from the sale of the real estate. In April 2025, the Court of Appeal of Rome ordered the transfer of the proceeds as agreed, to the bank account of the UK authorities, concluding the judicial cooperation for this.

2.2. Seeking appropriate and timely mutual legal assistance and extradition

2.2.1. Seeking evidence and locating criminals

141. Italian authorities can seek evidence and locate criminals internationally based on the same mechanisms described above, i.e. through EIOs which facilitate direct and seamless cooperation as part of the EU framework and based on bilateral or multilateral treaties or reciprocity which establish a more traditional international cooperation framework for requests of MLAs. For outgoing MLA requests, the PP can make an MLA request and transmit it directly to the requested country (if permitted under the applicable treaty), or through the MoJ. EIOs are transmitted directly to their counterparts in Europe. Requests are made based on the needs of individual cases. There are no strict domestic requirements, which means that the PP has the flexibility to seek the most efficient channel for assistance depending on the request and the requested country. In deciding whether to make an outgoing judicial request, the PP considers the seriousness of the offence.

142. The case management system records data that are communicated by judicial officers, for information purposes. Due to the direct nature of some of the requests, there is only partial oversight on requests being made by Italy. Over the evaluation period, Italy made 2255 MLA requests (Table 2.3). Based on data and cases presented, Italy demonstrated that it had MLA requests made to a range of countries within and outside the EU, reflecting that despite the ease of the reaching out to counterparts within the EU framework, Italy was also seeking international cooperation from a range of non—EU countries where criminals and their assets were moving to.

143. Italian authorities face the usual challenges when making MLA requests i.e. the uncertainties brought about by different systems and the specific formalities required by different requested countries. In practice, the MoJ's role in the transmission of the report is limited to ensuring compliance with domestic requirements and the conveyance to the foreign authority in the correct form. Although it occurs from time to time, the MoJ does not regularly provide support with engaging the counterpart to understand their specific formalities which is particularly important where this involves asset-tracing

and recovery. Due to its de-centralised framework, it is not possible for the MoJ to be able to monitor the extent to which the different PPOs are aware of the formal international cooperation channels and how they could be optimally.

144. Italy made 1153 EIO requests over the evaluation period. Support to engage with counterparts and understand their specific formalities (particularly important for asset-tracing and recovery) is effectively provided through the European Judicial Network (EJN) contact points, liaison magistrates, Eurojust representatives, and through direct informal consultations. Although the number of outgoing EIOs appears low in the context of Italy, its authorities actively participate in joint investigative teams (JITs), mostly on the initiative of Italy (see detail below), in many cases within the EU. This reduces the need to obtain evidence through an EIO.

145. Statistics provided by Italy reflected that more than half of the MLA requests involved ML offences. Outside of ML, most requests related to property offences and participation in organised crime. Several case studies presented for IO.7 and IO.8 reflected that in cases that involved a transnational element, Italian authorities made international requests to support their investigations or asset recovery. All of this indicates that Italy is broadly seeking legal assistance abroad in line with its risk profile. On the other hand, there were much fewer requests relating to other offences that relate to Italy's risk profile where there would have been an expectation for more requests i.e. for offences relating to narcotics, tax and customs offences as well as TF. No overall data was presented on how many requests that were executed, rejected and pending.

Table 2.3. Legal Assistance Requests Sought

	2020	2021	2022	2023	2024	2025 (until May)	Total
Nos of MLA requests sought	418	490	313	600	397	37	2 255
Nos of EIO requests sought	213	211	231	239	168	91	1 153

Box 2.4. MLA to Panama

In December 2023, the MoJ received a request for judicial assistance from the Public Prosecutor's Office in Turin to Panama, as part of investigations into criminal conspiracy for VAT related tax fraud in the online sale of tires, preparation and use of false invoices, incorrect accounting and ML. The criminal scheme involved a chain of shell companies formally registered in EU countries (Spain, Romania, Estonia), but operating exclusively in Italy.

The request for judicial cooperation sought to verify the existence of a bank account registered to a suspect at a Panamanian bank and to order its seizure if confirmed, verify whether the suspects owned assets subject to seizure and to authorise the participation of Italian police and EPPO officers in the search and seizure operations.

In January 2024, the MoJ transmitted the MLA request to the Italian embassy in Panama. However, due to the absence of original apostilles it could not be transmitted. This was sent by the PP's office of Turin in March 2024.

Documentation was received from Panama in response to the request in May and December 2024.

2.2.2. Extradition

146. As above, the mechanisms through which Italy can seek the apprehensions or extradition of criminals abroad is based the EU's EAW framework, or under the frameworks of bilateral and multilateral treaties or based on under reciprocity assurances. For outgoing extradition and EAW requests, the decision to issue the request falls within the competence of the court or the PP, based on the seriousness of the crime. As the Central Authority, the role of the MoJ is to ensure that the request complies with the legal requirements and to transmit the request to the requested country via the appropriate channel. To facilitate this role, as with EIOs, MoJ participates in the EJN, which aims to accelerate and facilitate judicial cooperation by providing legal and practical information to national and foreign judicial authorities.

147. The search of criminals (including execution of extradition requests) is entrusted to the police officers and judicial authorities of Italy. In the context of combatting organised crime, there is proactive and constant monitoring action of fugitive criminals conducted both by SCIP in coordination with domestic Italian authorities as well as foreign counterparts. The Integrated Interagency Group for Fugitive Search is an inter-agency search programme that provides a forum for members of the group to meet when necessary, to exchange and analyse information on dangerous fugitives, and develop consistent guidelines for their search and apprehension, and is a valuable tool to develop coordinated strategic lines for their location and subsequent extradition. Consequently, formal judicial cooperation is supported by technical groups that benefit from this.

148. Italy provided statistics and information on extradition requests made to a range of countries within and outside the EU, reflecting that despite the ease of the reaching out to counterparts within the EU framework, Italy was also seeking international cooperation from a range of non-EU countries where criminal fugitives were located. Table 2.4 reflects the number of requests for extradition and EAWs made by Italy over the evaluation period. Approximately 8% of extradition sought involved ML offences. Outside of ML, most requests related to narcotics, offences against property, participation in organised crime, and to some extent tax and customs offences, which are in line with Italy's risk profile.

Table 2.4. Extradition Requests Sought

	2020	2021	2022	2023	2024	2025 (until May)	Total
Nos of extradition requests sought	52	142	104	210	267	139	914
Nos of EAW requests sought	1 099	889	678	1 237	1 012	296	5 211

Box 2.5. EAW from Germany

Proceeding (2023) - Reggio Calabria - German citizen

This case concerned the execution of a European Arrest Warrant issued in March 2023, by the Investigating Judge of the Court of Reggio Calabria against a German citizen, charged with participation in a criminal organization aimed at international drug trafficking, importation of narcotics (both completed and attempted), money laundering, and self-laundering. The arrest was carried out in Germany on May 3, 2023. The Italian Ministry of Justice promptly acquired the relevant documentation and ensured the transmission of the EAW translated into German to the competent judicial authority. The request for surrender was accepted on June 7, 2023, and the transfer was completed on June 18, 2023.

2.2.3. Seeking to facilitate asset recovery

149. Italy is able seek international assistance to enforce domestic freezing, seizing and confiscation orders through MLAs or through requests based on EU Regulations. Requests under the EU framework are transmitted directly by the domestic judicial authority to the judicial authority of the requested EU country. Like EIOs, the execution is monitored by the Chief Prosecutor of the region, and while there is an obligation to notify the Central Authority of the request, this does not always happen. Italian authorities noted they had previously encountered problems obtaining international cooperation for foreign non-conviction-based confiscation (i.e. preventive confiscation under the AML) as many countries did not recognise preventive confiscation. However, greater awareness regarding this has improved the situation. Although Italy's active participation in JITs was noted, this was mainly in the EU context and no data on assets seized or confiscated in Italy or abroad as a result of this was provided, which did not allow the assessment team to draw conclusions the effectiveness of JITs in facilitating asset recovery.

150. Decisions regarding outgoing requests are dependent on the prosecutors involved in the investigations based on the need of the case. There is no comprehensive guidance for all prosecutors on the mechanics of making MLA requests which can sometimes be challenging to navigate outside the EU, where requesting countries may have varied formal requirements. There is no overall proactive effort to align cooperation efforts with Italy's ML/TF risks nor to monitor whether Italy is seeking cooperation in line with its risk and context, which means that no comprehensive data was provided on the volume of assets seized and confiscated based on the execution abroad of Italy's seizure and confiscation orders.

151. Table 2.6 below shows concrete asset recovery data where assets were identified through CARIN/ARIN networks and the final confiscation orders were executed through MLAs and EIOs over the evaluation period, which amounts to over EUR 198 million seized and EUR 472 million confiscated through these networks. Despite somewhat limited data, Italy was able to demonstrate that assets recovered through international cooperation related largely to ML and organised crime, which is broadly in line with Italy's risks. This was done through a large number of case studies which reflected Italy's efforts through structured domestic coordination and use of strong international networks and different international cooperation channels in different contexts. The details in the numerous case studies (including those in IO.8) reflected that the Italian authorities were successfully pursuing assets laundered abroad and pursuing international cooperation whenever there is a significant transnational link, and these more likely relate to transnational serious or organised criminal activity. The lack of data on the volume of assets seized and confiscated is a result of the lack of systematic monitoring Italy's overall proactive efforts.

Box 2.6. Freezing Order for Asset Recovery – Operation Skipper

In 2021, DIA and the Lecce State Police concluded Operation Skipper which resulted in the arrest of 34 individuals belonging to a criminal association for international drug trafficking that trafficked drugs from South America to Europe. Complex financial investigations aimed at illicit assets accumulated abroad was conducted by DIA and the PP at the Court of Lecce, which included property in Amsterdam that was used for the storage and transport of the drugs.

On the basis of Italy's preventive measures, the Court of Lecce issued a freezing order on the property located in the Netherlands. Based on this, the Dutch authorities issued a seizure order for the confiscation of immovable property for a total value of EUR 1 million. A confiscation order was issued in 2023.

Box 2.7. Confiscation Order for Asset Recovery

In 2019, the Court of Appeal of Milan transmitted to the Swiss authorities a request for legal assistance in relation to criminal proceedings for crimes of criminal association, ML and other offences. The ML activities involved several counties and involved significant sums, with EUR 2.5 million held in various bank accounts in Switzerland. In execution of the request, the Swiss authorities confiscated EUR 2.65 million, which the Italian judicial authorities requested the return for. Equal distribution of the proceeds was proposed and agreed to in October 2024, The funds will be credited to the bank account of the Italian authorities.

2.3. Seeking other forms of international cooperation for AML/CFT purposes, including asset recovery

2.3.1. FIU

152. UIF actively engages its counterparts abroad to seek international cooperation to obtain financial intelligence in line with Italy's risks and to support asset recovery. UIF sends outgoing requests to FIUs, both within Europe and outside Europe, during the analysis of STRs received and for cooperation with domestic judicial authorities in the framework of criminal investigations to track cross-border flows. It is active in both EGMONT and European networks through which it has access to FIU.NET and the Ma3tch functionality to anonymously cross-match databases (IO.6).

Table 2.5. UIF requests sent to foreign FIUs

	2020	2021	2022	2023	2024	2025
Requests submitted	1 050	834	790	693	723	345
Of which:						
For UIF's internal analysis	475	470	456	427	422	168
For domestic cooperation with judicial authorities	575	364	334	266	301	177

153. Requests are made particularly in areas such as virtual assets, public fund fraud, organised crime and TF and on a range of information such as on STRs, bank account and assets held abroad linked to suspicious activities carried out by physical and legal persons under analysis. Financial information is often requested on specific transactions originated or sent abroad, as well as criminal and business information on persons, companies, legal arrangements and their respective beneficial owners, as well as for tax, real estate and BO information of foreign entities and arrangements. On behalf of domestic judicial investigations, UIF has also made multiple requests for international cooperation for tax fraud, and corruption.

154. Particularly in the European context, UIF has over the evaluation period submitted 34 requests for freezing of funds, of which twelve requests were successfully executed and as a result EUR 5.9 million had been frozen. Eight requests involved non-EU jurisdictions, of which one resulted in EUR 16 000 being frozen. The most common reasons for requests not being executed was that the asset had already been frozen by local judicial authorities, the sums were not available any more or that the FIU concerned did not have the legal powers to order a funds freeze.

Box 2.8. Successful request to freeze a bank account

In 2024, UIF cooperated with the domestic LEAs and the PPs Office on a case of 'CEO fraud' against an Italian company whereby there was fraudulent representation through voice messages, created with the help of artificial intelligence, to induce a bank transfer for a fraudulent purchase. More than EUR 790 000 were transferred from the Italian bank account held by the company in favour of a Southern European bank account. Based on the PP's request, a request was made to immediately freeze the funds possibly remaining on the account. Also, the Southern European FIU contacted the recipient bank and sent a freezing order of the account. The bank executed the freezing order of the account that contained about EUR 800 000.

155. UIF also conducts joint analyses with other EU FIUs (as provided under the AML Law and the AML EU Directive). These are done to understand and counter more effectively cases with a predominant cross-border dimension. Over the evaluation period (2020 to 2025), the UIF conducted two joint analyses with EU counterparts relating to offences such as fraud and tax offences and the analysis reports were disseminated to competent domestic LEAs of Italy and other EU countries.

Box 2.9. Joint Analysis on Underground Banking (2024)

UIF launched a Joint Analysis exercise together with the Spanish and Dutch FIUs where it was discovered that an international financial group was acting as a channel for layering illicit proceeds throughout Europe destined for scheme had been initially detected by UIF's STR analysis on EUR 33 million

transferred to the payment account held in Spain by a Dutch payment agent. The STRs concerned companies held by Chinese citizens involved in fiscal frauds or beneficiaries of public funds. Based on triangulation of the financial flows, the relevant amounts transacted, the links with ongoing investigations carried out by LEAs and the involvement of several financial institutions from different countries, joint analysis was proposed with the Spanish and Dutch FIUs as they had also been working together to collect information from their reporting entities, other FIUs, national customs authorities and supervisory authorities.

The Joint Analysis led to the identification of a more complex scheme where the Dutch payment agent has resulted to cover a pivotal role supported by its belonging to an international financial group (with branches in the Netherlands, Italy, UK, USA and countries in Africa) which managed a complex cross-border ML scheme for over 95 million euros from 2021 to 2024. An investigation was launched in 2024 which is ongoing.

2.3.2. Law enforcement agencies (LEAs)

156. There are several avenues through which LEAs in Italy, especially GdF, DIA and the International Police Cooperation Service (SCIP), actively engage with their counterparts abroad to seek international cooperation to obtain evidence for active cases as well as to support asset recovery.

157. The SCIP coordinates directly with domestic and foreign LEAs for the search of fugitive criminals for subsequent extradition action. SCIP also participates in I-CAN which is an Interpol cooperation project that has been instrumental in the arrest of over 60 'Ndrangheta members in different countries. The SCIP also participates in a Europol campaign aimed at facilitating the extradition of high-profile fugitives. Over the evaluation period, SCIP's efforts have been instrumental in the arrest abroad of more than 400 fugitives from Italy, of which 17 were suspected to be involved in crimes related to ML.

158. The SCIP also operates a joint national police force unit, which includes the Asset Recovery Office (ARO) to manage international police cooperation channels such as INTERPOL, EUROPOL and the CARIN/ARIN. It has established a wide network of liaison officers located in 74 Italian embassies abroad to facilitate bilateral police cooperation. As the contact point for CARIN/ARIN, through ARO, Italy sent on average 1 000 requests a year relating to asset-tracing and recovery over the evaluation period. Both outgoing requests as well as responding to incoming requests (below), contributed to substantial amounts in freezing, seizing and confiscation of assets largely within the EU framework.

Table 2.6. Asset Recovery facilitated by CARIN/ARIN Networks (in Euros)

	2020	2021	2022	2023	2024	2025 (until June)
Freezing/ Seizures	28 252 434	73 727 516	41 084 650	24 532 792	1 466 772	29 174 843
Confiscations	6 734 500	10 869 845	11 921 919	3 100 000	407 694 957	32 280 378

159. The GdF in its own capacity, has a network of 30 attachés and two liaison officers deployed in Italian diplomatic representations in a range of strategically important countries and regions abroad. Through financial intelligence and investigations as well as engagements with its networks, GdF also identifies jurisdictions where funds or criminals have moved to, which is followed by formal requests to pursue the assets or the criminals. The role of the Italian attachés to UAE was useful in facilitating in 2024, the cooperation between the central authorities for the arrest and extradition of a fugitive from Italy who had committed fraud causing losses amounting to EUR 300 million. In the same year, GdF liaison attachés also supported the coordinated action amongst 20 (EU and non-EU) countries in an

investigation related to VAT fraud which resulted in two arrests in the US and UAE, and seizures of financial and crypto assets amounting to EUR 40 million.

160. The importance of pursuing evidence through international cooperation to GdF, is also reflected by the fact that it is guided by an in-house Operations Manual on International Cooperation which provides a detailed overview of the information exchange opportunities offered as well as a practical guide on how to use them, as well as a Standard Operating Procedure (SOP) on the activation of the international police cooperation network. This ensures that the GdF regularly and systematically seeks international cooperation for appropriate cases including asset recovery. For TF, over the evaluation period, GdF has sought cooperation on 132 occasions.

161. In January 2025, GdF, together with Brazil, Singapore, Switzerland and Hong Kong have also been pioneers of the INTERPOL Silver Notice, which is a new tool to facilitate the tracing of illicit proceeds for seizure and confiscation purposes. GdF successfully used this tool to search for assets linked to a multi-million Euro ML case involving over four jurisdictions. At the EU level, GdF is also involved in several EUROPOL strategic projects, such as European Multidisciplinary Platform, and it is linked to EUROPOL Analysis Projects - Terrorism Finance Tracking Program (TFTP), which tracks financial flows of terrorist networks and allows GdF to have access to financial data for this purpose. (see case study in IO.9) GdF is a member of the FIN-NET Financial Crime Information Network and it also exchanges information with foreign counterparts to support its role in developing the 'pre-investigative' analysis activities of STRs. The GdF is member of the Europol Financial Intelligence Public Private Partnership project (EFIPPP), to promote the exchange with private sector of AML/CFT good practices.

Box 2.10. International Cooperation involving GdF

Global ML connected to drug trafficking (2023)

The investigation involved a global network of companies that offered professional services to launder money from illegal drug trafficking. The criminals offered a service of trade-based money laundering known as the "Black Market Pesos Exchange" where the drug producers would provide drugs to Italian buyers as a form of credit and profits generated would be introduced into companies and used for ordering foreign goods, that would be shipped to the US and further transported to Colombia, where they were sold and the drug cartels would receive the cash.

Based on international law enforcement cooperation between GdF and the Spanish Policía Nacional, supported by EUROPOL and EUROJUST, the criminal network's modus operandi and a network of electronics companies located around the globe was uncovered. In Italy alone, EUR 18.5 million was traced back as money laundered for organised crime groups. GdF also arrested 33 suspects in a coordinated action with Spain.

ML using Electronic Money Institution (2022)

During a GdF tax crime investigation, a suspect appeared to have tried to fragment a huge number of illicit assets through mechanisms provided by Fin-Tech institutions in Lithuania that offered ML services to criminals across the EU by carrying out fictitious financial transactions through a web of shell companies operated by an Italian-based OCG.

Investigations into the OCG were initiated in 2021 by GdF and the PPO of Naples and Lecce in Italy, involving their counterparts in Latvia and Lithuania. During the investigation, all the LEAs involved took

part to a Joint Investigation Team under the coordination of EURJUST. Searches conducted led to seizures of data and documents and bank transactions were analysed.

This led to the arrest of 18 persons and over EUR 11.5 million in assets and bank accounts were frozen.

162. At the EU level, DIA maintains operational information exchange with LEAs as well as best practices to combat mafia-type organised crime groups through the “@ON Project” since 2018 which operates with the coordination of EUROPOL and SCIP and involves 44 countries (26 EU countries and 18 non-EU countries). The main objective of the project is to promote the operational exchange of information and the sharing of best practices in the fight against mafia-type criminal organizations. These exchanges have led to drug-trafficking information as well the arrest of fugitives linked to Italian mafia groups.

Box 2.11. International Cooperation involving DIA

Operation Nexus-Goliath (2024)

This investigation was triggered by investigations of the German police, coordinated by EUROPOL and involved coordination with the Kenyan investigating authorities. The investigation related to the head of a criminal organisation that had perpetrated a multimillion international VAT fraud. The investigation concluded with the arrest in Nairobi.

Operation Tre-Croci (2024)

This investigation was triggered by investigations of the German police, coordinated by EUROPOL and EUROJUST. The investigation led to the arrest of 36 individuals suspected of having imported – also through the corruption of staff operating in certain Italian ports – tons of cocaine from South America into Italy and the rest of Europe.

163. Italy has also participated in several JITs which facilitated cooperation on criminal investigations as well as asset recovery. Over the evaluation period, Italian authorities were involved in over 50 JITs with various countries in Europe, of which 37 were formed on the initiative of Italian authorities. Most JITs related to drug-trafficking, organised crime and economic crimes, which is in line with Italy's ML risks.

2.3.3. Supervisors of FIs, VASPs and DNFBPs

164. Financial supervisors in general seek and provide international cooperation with their foreign counterparts to a large extent, especially under the EU framework. The BoI, primarily through the 135 supervisory colleges it participates in, actively cooperates with other EU member state supervisors, particularly on FIs with cross-border links and activities. AML/CFT supervisory colleges are set for all intermediaries operating in at least three EU Member States. The BoI also has close cooperation with the ECB, who is the prudential supervisor of significant banking groups.

165. IVASS can exchange information with other insurance supervisors covering all issues related to the supervision of the insurance sector, including AML/CFT via an MMoU through the International Association of Insurance Supervisors (IAIS). IVASS has also established an EU AML/CFT supervisory college.

166. DNFBP supervisors have not engaged in international cooperation in their role as supervisors. Most DNFBPs are domestically based and the need for international cooperation has not been relevant so far, according to the supervisory authorities.

167. Overall, the feedback from the FATF Global Network relating to supervisory cooperation was very positive.

2.3.4. Customs and tax authorities

168. At the EU level, the *Agenzia delle Entrate* (Italian Revenue Agency) is involved in the exchanges of information that serves to enrich GdF's databases and facilitating their detection of and investigations into tax fraud as well as related ML. Although there are no specific data regarding the Italian Revenue Agency was provided, ML relating to tax and serious offences relating to cross-border cash movement are generally investigated by GdF.

169. As part of its role to detect cross-border cash movement, ADM and GdF are also connected to various platforms for mutual assistance and for the cooperation among customs administrations, such as Naples II and Anti-Fraud Information System (AFIS) operated by European Anti-Fraud Office (OLAF) as well as other EU platforms to exchange risk information with other customs officials. ADM also participates in joint operations to tackle ML/TF organized at EU level as well as in the World Customs Organization (WCO) AML/CTF Programme and Tentacle project which has resulted in large amounts of cash seized at borders and the uncovering of cash flow routes for ML.

2.4. Providing other forms international cooperation for AML/CFT purposes, including asset recovery

2.4.1. FIU

170. UIF actively provides timely assistance in the form of financial intelligence to its counterparts. Information received from foreign FIUs from ESW or FIU.NET are managed and prioritised via its domestic IT platform called "SAFE" which is fully integrated with the main UIF IT system RADAR (see IO.6). Communications are constantly monitored, and urgency levels are considered even when not explicitly specified. The average response time decreased from 42 days in 2019 to around 20–23 days in 2023–2024, while urgent requests were processed within 5–7 days on average, which are satisfactory and have shown improvement over the evaluation period. In addition to responding to requests, UIF also spontaneously disseminates intelligence to foreign FIUs as appropriate and disseminated 117 requests over the evaluation period. UIF received 9193 incoming requests, including 689 requests on TF from foreign FIUs which was responded promptly. In the EU context, UIF also transmits cross-border disseminations (XBDs) and cross-border reports (XBRs) to its EU counterparts. The number of XBDs has steadily increased since 2021 (from 6 888 to 10 268 in 2024), following a temporary dip in 2020 due to the COVID pandemic. Overall, the feedback from the FATF Global Network relating to the FIU was very positive.

Box 2.12. Unauthorized accesses to crypto wallet

The case was triggered in 2024 by an investigation conducted by the police of a Northern European country and its FIU made the request. A few years after the victim had died, there was a robbery his home. It was known that the victim had invested money in cryptocurrencies and during the break-in,

laptops, notebooks and passport were stolen from his home. The possible aim were the keys for the wallets.

The foreign FIU so requested the UIF to contact the VASP, to check whether there had been any movement in the deceased's accounts since he died. The information revealed that in fact the overall balance in the crypto-accounts was extremely low and the three accounts had been currently blocked, long before the victim's death. There had been no access since the day of his death. UIF's rapid contribution was crucial in solving the case.

2.4.2. Law enforcement agencies (LEAs)

171. SCIP responds on a daily basis to foreign requests on cross-border investigations for specific information regarding Italians or foreigners connected to Italy. It receives on average 700 requests daily and responds within three days. SCIP's efforts on Europol has been instrumental to approximately 1 000 arrests over the evaluation period based on requests from foreign authorities in the region. As the contact point for CARIN/ARIN, through ARO, Italy responded on average to over 1 000 requests a year relating to asset-tracing and recovery. These resulted in substantial asset freezing, seizures and confiscations as reflected above. Some delays in responding the requests and noted by feedback from the FATF Global Network could be an indication that the ARO could benefit from more resourcing.

172. The DIA provides assistance to foreign counterparts through an internal branch that coordinates with other Italian authorities (including ARO) as well as other national and international bodies (including CARIN). GdF also provided cases that involved providing assistance, mainly to investigations involving the European Public Prosecutor's Office (EPPO). For TF, over the evaluation period, GdF has provided cooperation on 181 occasions.

Box 2.13. International Cooperation involving GdF on international corruption (2020)

The investigation was triggered by information from the US involving a criminal organisation involved in energy product sales, gold smuggling, speculative currency exchange, and laundering of funds.

Aside from MLA requests, the GdF worked in coordination with INTERPOL services in Spain, UK, U.S., Russia, Bulgaria, Panama, Mexico, Colombia, France, and Liechtenstein. Additionally, European Asset Recovery Offices (ARO) in the UK, France, Spain, and Russia, as well as the FIN-NET and FIUs in Austria, Panama, Colombia, and other nations, were involved.

The investigations resulted in the seizure of EUR 7.2 million from bank accounts as well as the arrest of a Colombian businessman at the airport of Cape Verde who was subsequently extradited to the United States. This extensive international collaboration dismantled part of the global laundering network and the connections and accounts tied to the Italian suspects under investigation were identified.

2.4.3. Supervisors of FIs, VASPs and DNFBPs

173. See above

2.4.4. Customs and tax authorities

174. See above

3 Financial sector and virtual asset supervision and preventive measures

The relevant Immediate Outcomes considered and assessed in this chapter is IO.3. The Recommendations relevant for the assessment of effectiveness under this chapter are R.9-21, 26, 27, 34 and 35 and elements of R.1, 29 and 40.

Key Findings, Recommended Actions, Conclusion and Rating

Key Findings

- a) The measures in place to prevent criminals and their associates from being beneficial owners or hold any controlling interests in FIs appear robust. There have been some cases of criminals or their associates attaining management positions in FIs, and these have been identified and subjected to remedial action.
- b) Bol reports suspected unlicensed activity for judicial follow-up as criminal offences, both after external reports and its own initiative. Given the timelines for judicial proceedings, this does not appear to effectively prevent unlicensed activity. Additionally, the GdF may identify certain unlicensed activity. Taken together, breaches of such licensing or registration requirements are detected and addressed to a certain extent.
- c) The understanding of risks by FIs varies between different sectors of FIs, with the greatest understanding identified in the largest banking groups. The risk understanding among VASPs also varies, but appears generally weaker than in the largest FIs.
- d) The understanding of AML/CFT obligations and the application of mitigating measures varies between FIs but generally appear to be at a satisfactory level. Compliance in the VASP sector appears weaker overall, which is concerning given its risk and growing importance.
- e) Bol, and GdF with regard to VASPs, performs risk-based and adequate supervision. Relevant supervisory activity is also performed by the IVASS and GdF, for other entities under its supervision and subject to its controls but this is less developed and with a less clear application of the risk-based approach.
- f) The supervisory setup is relatively complicated, with multiple supervisory competences, regulated through specific MoUs to avoid overlap between authorities.

- g) While various supervisory actions are taken in practice in cases of non-compliance, including relatively lower application of pecuniary sanctions, the lack of publication of sanctions other than pecuniary ones in the case of Bol and timelines for applying sanctions in cases where GdF is the supervisor (two years in the MEF alone), undermine the dissuasiveness (and thereby effectiveness) of the actions taken.

Recommended Actions

Italy should:

- a) enhance compliance for higher-risk FIs where non-compliance is prevalent (i.e. smaller and foreign FIs), to ensure improved compliance.
- b) ensure strengthened compliance in the VASP sector, through greater supervisory guidance, outreach and supervisory activity, and ensure compliance in the VASP sector from June 2026.
- c) more effectively apply dissuasive sanctions in cases of non-compliance by shortening the timelines for imposition of sanctions (MEF) and consistently publishing sanctions and remedial measures to promote understanding of obligations and encourage compliance (MEF and Bol).

Overall Conclusions on IO.3

Italy has robust measures in place to ensure that criminals are not managing or being the beneficial owners of FIs and VASPs. Cases of breaches of licensing requirements are detected and followed up in practice, but the long timeline for judicial proceedings hampers the effectiveness.

The supervisors have a good understanding of the risks in the sectors they supervise, and they also take a range of measures to ensure that FIs and VASPs have a sufficient understanding of their risks and obligations. While the implementation of AML obligations in FIs and VASPs varies, the most important sector (banks) implements their obligations to a very large extent. Other sectors associated with high risks and importance, such as PIs/EMIs and VASPs do not exhibit the same level of compliance. Supervisors generally conduct supervision in line with the risks identified, with the Bol employing a nuanced and granular approach to supervising and following up on non-compliance in the sectors under its supervision. GdF also bases its planning on the wide range of information on risk they have access to, but the decentralised conduct of inspections weakens the actual implementation of risk-based supervision.

All supervisors appear to a very large extent to conduct adequate supervision of the sectors. Non-compliance is identified and sanctioned in practice, but important shortcomings in the procedures, in terms of timeliness and non-publication, undermine their ability to contribute to strengthened compliance. Authorities generally conduct a range of outreach activities to strengthen compliance.

Italy is rated as having a substantial level of effectiveness for IO.3.

Immediate Outcome 3

175. There are three AML/CFT supervisors for FIs and VASPs in Italy: the Bol, IVASS, and the GdF. CONSOB registers investment companies after consultation with the Bol. The Bol supervises banks, e-money institutions, payment institutions, non-bank financial intermediaries, investment firms, asset management companies, some types of trust companies, *Poste Italiane SPA*, and *Cassa Depositi e Prestiti SPA*. IVASS supervises insurance companies. The OAM registers VASPs, while the GdF supervises VASPs.

176. In assessing the effectiveness of Italy's supervision of FIs and VASPs, the Assessment Team placed the most weight on the banking sector, given its size, importance and central role in the financial system. It also placed significant weight on the VASP sector, given its inherent risks, the number of registered VASPs and growing importance. Significant consideration was also given to fiduciary companies, due to the inherent risk and characteristics of their services.

177. The conclusions in IO.3 are based on statistics and examples of supervisory activities and actions provided by Italy, guidelines and guidance issued by the supervisors, documents used to monitor the different reporting sectors, discussions with the relevant authorities and representatives of a broad sample of FIs and VASPs.

3.1. Licensing, registration and controls for FIs and VASPs preventing criminals and associates from entering the market

3.1.1. Market entry controls

178. Italy has robust controls in place to prevent criminals and their associates from entering the market. This consists of licencing procedures and fit and proper requirements and checks on senior management and beneficial owners in the institutions. All FIs and VASPs must be licensed or approved by the relevant authority. Bol is the responsible authority for all FIs except investment firms and crowdfunding service providers, for whom CONSOB is responsible, while IVASS is responsible for life insurance companies. Bol and CONSOB cooperate on the licencing of asset managers, investment firms and crowdfunding service providers. The European Central Bank (ECB) is the competent authority for final decisions on licencing of banks, after prior assessment by the Bol.

179. Up until December 2024, VASPs were subject to a registration regime by the OAM following the introduction of AML obligations on VASPs in 2017, with a specific register having been set up in May 2022. The OAM conducts fit and proper checks before registering VASPs and has and continues to verify fulfilment of fit and proper requirements subsequent to registration. Since the application date of Regulation (EU) 2023/1114 on Markets in Crypto-Assets (MiCA), no new registrations have been accepted, and a transitory arrangement is in place for already registered VASPs to apply for a licence under MiCA. The deadline was in December 2025, and CONSOB has a deadline of June 2026 to take decisions on possible licencing. Given this timeframe, activity under this new licencing regime was not considered in this report.

180. Fit and proper and beneficial owner checks are conducted by the responsible authority. These include checks on the reputation and soundness of persons in managerial positions, including information on criminal records. The licensing authorities consult various databases and open-source information as well as information received from the UIF. There are examples of applications concerning fit and proper or beneficial owner requirements being rejected by the Bol, as well as examples of applications being withdrawn or not reaching the formal application phase following questions raised

by the Bol as part of the procedures. Overall, the checks made by authorities are thorough, even though there are some examples of criminals or their associates controlling financial institutions.

181. The number of applications received and adjudicated by the Bol can be seen below:

Table 3.1. Market entry procedures by the Bank of Italy

Year	Administrative procedure	Received	Approved	Withdrawn	Rejected
2020	authorization	107	103	1	3
	QH	78	77	1	0
	FAP	1 553	1 531	22	0
2021	authorization	106	102	2	2
	QH	58	56	2	0
	FAP	2 565	2 511	54	0
2022	authorization	44	39	5	0
	QH	67	66	0	1
	FAP	2 517	2 488	29	0
2023	authorization	95	69	22	4
	QH	54	53	1	0
	FAP	2 144	2 127	17	0
2024	Authorization	43	14	7	3
	QH	56	56	0	0
	FAP	1 070	1 047	10	0

182. In addition to fit and proper checks at the licensing phase, the Bol also conducts fit and proper tests during on-going monitoring, in the event of a qualifying holding acquisition¹² and whenever new appointments of managers, directors, and key functionaries is done. The appointees are subjected to such reassessment during on-going monitoring or when new relevant facts emerge potentially impacting the FAP relevant profiles previously assessed.

Box 3.1. Fit and Proper check on UBO

In a particular case, the Bank of Italy identified links of the UBO with companies based in third countries outside the EU and had concerns related to the origins of the funds used to subscribe the capital of the applicant.

The UBO of the applicant owned several companies across different jurisdictions (including both EU and non-EU countries), some of which were inactive, and the reasons for their establishment and activities were unclear. Additionally, it was revealed that a company based in a non-EU jurisdiction owned by the UBO had received a significant investment of EUR10 million from another non-EU company. The applicant failed to provide clear explanations on these matters and did not disclose all the information required by the Bank of Italy during the proceedings. As a result, the application was rejected. One year later, the same entrepreneur submitted a new application for the authorization of a payment institution, after having completely restructured its shareholdings. In particular, he had simplified the structure of the companies to focus exclusively on the provision of payment services in Italy and had interrupted all the business relationships with the non-EU company. He also provided detailed information about his

¹² A qualifying holding is defined as:

- a. 10% or more of capital
- b. holdings which make it possible to exercise a significant influence over the management of the undertaking
- c. holdings which result in the financial institution becoming the proposed acquirer's subsidiary

financial and family links and the origin of his funds, as well as the “uninterrupted paper trail” regarding the capital of the applicant. In this case, the outcome of the assessment was positive, and the company was authorized.

183. There are examples of investigations uncovering the presence of criminal infiltration in FIs, specifically in small banks. In the last ten years, three FIs have been subject to the measure “judicial administration”, which entails a form of preventive seizure of the activities of legal persons. The affected banks were two small, local cooperative banks and one less significant bank. While these cases present examples of a general concern in Italy as regards criminal infiltration of the legal economy, they also show that Italy actively takes measures to deprive criminals of such control.

184. Overall, the combined licensing framework in Italy, including pre-application checks and ongoing monitoring is effective at preventing criminals and their associates from owning, controlling or holding key management functions in FIs to a large extent. Comprehensive dialogue with applicants at the pre-application stage explain why there are low numbers of rejected applications.

3.1.2. Detecting and addressing breaches

185. Authorities proactively detect and address breaches of licensing requirements. While the supervisors can apply sanction for illegal use of protected terms, the illegal rendering of FI or VASP service is a criminal offence.

186. The use of the terms associated with licensed activity are protected in Italy, and the Bol has the competence to sanction the illegal use of such terms. For instance, the use of the term “bank” without having a banking licence is subject to sanction by the Bol. Between 2019 and June 2025, one penalty has been imposed by the Bol for such illegal use of this protected term.

187. Where there is a suspicion of illegal provision of financial services, the Bol is required to refer those situations to law enforcement bodies for investigation and prosecution. The main sources of information about such violations are individual reports to the Bol. In the period under review, Bol reported a total of 212 cases to judicial and investigative bodies. Additionally, the GdF actively identifies illegal financial activity. Between 2020 and June 2025, the GdF conducted a total of 329 investigations, where 153 were based on external triggers (as opposed to the GdF’s own analysis), which resulted in over EUR 5 million in seizures and EUR 1.5 million in confiscation.

188. CONSOB has strong tools to hinder unlicensed provision of VASP services to the Italian market, including the powers to require the internet domains of the unlicensed VASP service provider to be blocked. This power is frequently used CONSOB to prevent illicit provisions of VASP services. Between July 2019 until June 2025, more than 1 300 websites were blocked for access from Italy for illicit provisions of financial investment services, with the actions against 55 illicit VASP in 2025, up till the date of the onsite. This is in addition to the possibility of OAM to report possible illegal conduct to GdF and judicial authorities for action.

3.2. Supervisors identifying understanding and promoting FI and VASP understanding of ML/TF risks

3.2.1. Identifying and maintaining an understanding of the ML/TF risks in the different sectors and types of FIs and VASPs and of individual FIs and VASPs over time

189. The supervisory authorities have a good understanding of the ML/TF risks in the financial sector. This is largely informed through involvement in the NRA process, sectoral risk assessments conducted by the supervisors and engagements with industry associations. Bol has been conducting ML/TF risk assessments of banks under its supervision since 2015. The scope of the risk assessment was extended to other FIs and the methodology was revised starting in 2022 (with input from the UIF), and the first revised sectoral and individual risk assessments under the new methodology was conducted in 2023. The methodology for the sectoral risk assessment combines qualitative and quantitative elements. The qualitative elements include Bol's supervisory experience, evidence from the UIF and other qualitative analyses, such as the NRA or the EU Supra-National Risk Assessment (SNRA). The quantitative elements include characteristics on customers, delivery channels and, depending on the sector, characteristics of the operations of the FIs. The sectoral analysis provides the Bol with an overview of the relative sizes of the various sectors, combined with an inherent risk rating on a four-point scale. The risk analysis also provides the Bol with a more granular understanding of relevant differences within sectors, in cases where for example the services provided by banks vary.

190. In December 2024, a specific addendum to the 2023 sectoral analysis was conducted concerning VASPs. The analysis was mostly performed based on qualitative information, given the lack of comparable quantitative data which the Bol has been collecting and used for risk analyses from FIs. The qualitative information stemmed from the NRA, discussions with the UIF and counterpart supervisors in the EU who already supervise VASPs. The Bol indicated that its findings were confirmed by the meetings held with VASPs so far in preparation for possible licencing procedures under MiCA.

191. The sectoral analysis is supplemented by horizontal analyses such as thematic on-site campaigns. Examples of such thematic analyses include on-line funding, fraud and corruption risks associated with the Covid-19 pandemic, CDD in private banking, digital onboarding, transaction monitoring and the use of virtual IBANs. The Bol's AML Unit's involvement in licencing procedures also contributes to its understanding of new business models etc., as well as information on the governance and control functions in the sector. Furthermore, Bol conducts regular workshops with the industry, as well as annual meetings with larger entities (including groups) in the banking sector.

192. In addition to the sectoral risk analysis conducted by the Bol, it also conducts risk assessments of individual FIs under its supervision. The individual risk assessment is done by an algorithm which assigns numerical risk scores to individual entities and then a qualitative risk evaluation performed by Bol personnel. The quantitative risk analysis considers inherent risks as well as risk mitigation measures. The model emphasizes the role of vulnerabilities (quality of the mitigating measures) to the extent that the residual risk score may be higher than the inherent risk. Some types of information which are considered during the quantitative risk analysis are: the entity's annual AML report and ML/TF self-risk assessment, outcomes of on- and off-site supervisory action, reports by the entity's auditors concerning AML/CFT, corporate complaints or whistleblower reports and information from other authorities.

193. IVASS also has in place processes to identify and understands the risks associated with the sector and entities under its supervision. Although this process is conducted on an annual basis, it is not sufficiently detailed to allow for adequate understanding of risk.

194. The GdF, which has supervisory responsibility for currency exchange offices, credit brokers and for agents in financial services (including agents of foreign payment services), bases much of its activity

on the national risk. While this in general provides the GdF with an understanding of risks in the Italian economy more broadly, it is unclear how the GdF understands risks associated with individual FI entities under its supervision.

195. The understanding of risks in individual VASPs is more ad hoc and situational, based on the analytical work of the NSPV of the GdF. In practice, GdF has made specific risk assessments in 2023 and 2024 which have formed the basis for operational plans to perform inspections in VASPs. While this provides a level of risk understanding, the process is centralised and is linked to operational planning and not entail a coherent and consistent understanding of the individual entities over time. This is partly due to the launch of the register at OAM in 2022, five years after VASPs were regulated in 2017.

196. Overall, the supervisors have a well-founded understanding of risk in the sectors and entities under its supervision, with some sectors being better understood than others.

3.2.2. Promoting FI and VASP understanding of ML/TF risks and AML/CFT obligations

197. Authorities take a range of steps to promote the understanding of ML/TF risks and AML/CFT obligations among FIs and VASPs. As supervision is covered in Core Issue 3.5 below, this section will be concentrated on the outreach and guidance activities of the supervisors. The impact on compliance is discussed under Core Issue 3.6.

198. As for risks, the results of the NRA have been communicated to FIs and VASPs through a specific meeting in May 2025. Representatives of the sectors confirmed their awareness of the NRA results. The requirements to conduct ML/TF self-risk assessments, paired with guidance and frequently asked questions (FAQs) also contribute to the sectors' understanding of risks. To promote understanding of both risks and obligations, authorities also participate in conferences, workshops and training sessions organised by the industry. Bol's annual meetings with the AML officers of FIs and public consultation on development of regulations further contributes. The UIF's annual report is also a source of information which some representatives of the private sector met on-site indicated using. Generally, the representatives of the private sector appeared satisfied with the outreach and engagement of the authorities.

3.3. FI and VASP understanding of existing and evolving ML/TF risks

199. Most FIs and VASPs have a good understanding of the level and nature of their ML/TF risk. Risk understanding in larger FIs is more sophisticated and generally well aligned with the main risks identified in the NRA. Understanding of risk in smaller FIs is less developed, but commensurate with their more limited risk exposure.

200. All FIs are required to conduct ML/TF institutional risk assessments in line with criteria and approaches set by Bol, an obligation which have been in place since 2019, even though several FIs did conduct institutional risk assessments prior to this. These risk assessments are periodically updated, and there is a requirement for them to be updated in case of material new risks or significant changes in existing operations or organizational framework of the institution. Paired with the requirement to send an annual AML/CFT report to the Bol (which applies to all FIs except life insurance companies and currency exchange offices), this lays a solid foundation for obtaining information on how FIs understand ML/TF risks. The institutional risk assessment is required to identify current and potential risk which the FI is exposed to (inherent risk), assess the vulnerabilities of the preventive measures in place and, as a consequence, determine the residual ML/TF risk in a risk matrix.

201. Overall, banks have an extensive knowledge of their ML/TF risk exposure, and the processes underpinning their institutional risk assessments are thorough, and this is also reflected in supervisory

findings of the Bol. The Bol examines risk understanding of entities during on-site inspections and in annual meetings. Banks are responsive to the Bol's recommendations and proactively implement these to improve institutional risk awareness.

202. Amongst other FIs, the asset management companies and investment companies often pay less attention to ML/TF risks, perceiving their business models as less exposed to such threats. Even though these entities conduct institutional risk assessments as required, these risk assessments do not contribute to a developed understanding of specific risks. However, larger entities demonstrate better understanding of risk, particularly those which are part of corporate groups. The risk understanding amongst PIs and EMIs is uneven. While larger institutions have a good understanding of their exposure to ML/TF risks, this is not seen in smaller and newer PIs/EMIs.

203. Non-bank credit operators produce simpler and less complex ML/TF risk self-assessments, which appear to be in line with the risks the sector is exposed to. Trust companies/fiduciary companies vary in their risk awareness, and those which belong to banking groups (17 of 33 under the Bol's supervision) have stronger risk governance and control frameworks. The lower risk understanding in other parts of the sector is a concern, particularly due to the higher risk associated with the sector. Insurance companies have been found by IVASS to have an increasing awareness of ML/TF risks.

204. VASPs have been mandated to perform institutional risk assessments of ML/TF risks by the AML law, but they have not been subject to the more detailed requirements laid down by Bol (since the Bol was not the AML supervisor). However, the Bol has extended the obligation to transmit the AML report and the results of the institutional risk assessments of ML/TF risks on an annual basis to CASPs that will be authorised under the MiCA Regulation. The general supervisory understanding of VASPs (such as on STR quality and the supervisor's experience during interactions in preparation for the application of MiCA) indicates that the understanding of risks is less developed than among FIs. However, the VASPs met on-site showed a developed understanding of the risks facing at the sectoral level as well as their specific exposure at an institutional level.

3.4. FI and VASP understanding and compliance with AML/CFT obligations and mitigating measures

205. The understanding of AML/CFT obligations and the application of mitigating measures varies between FIs but generally appear to be at a satisfactory level. Compliance in the VASP sector appears weaker overall (as described below), which is concerning given its risk and growing importance. Supervisory findings of the Bol reflect an improvement in FIs' controls, and a steady reduction in the number and severity of supervisory actions over the last five years. These are detailed below. The Bol characterises supervisory findings after on-site inspections as either 'operational' findings or 'compliance' findings. Operational findings are more minor issues which do not necessitate administrative measures or sanctions and are generally addressed through dialogue with the entity concerned. Compliance findings are more serious deficiencies which may be subject to sanctions or criminal liability.

206. CDD related deficiencies are the most common type of deficiency identified during on-site inspections of FIs in the period 2019-2023. The following tables illustrate the most prevalent deficiencies across sectors:

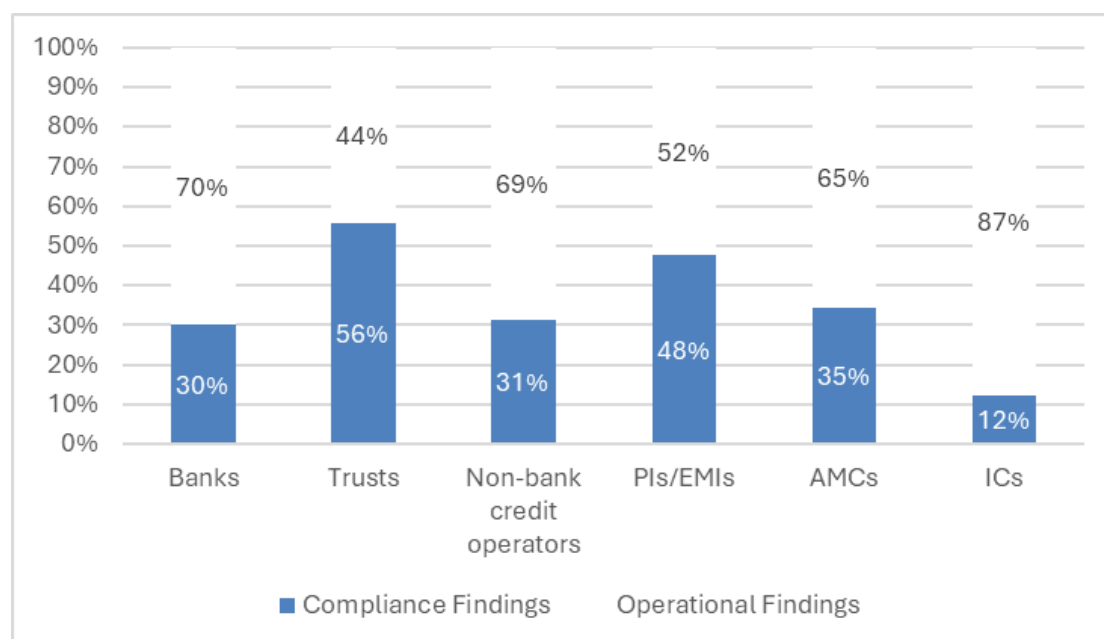
Table 3.2. On-site findings per category of FIs (2019-2024)

FI Category	CDD	Organizational structure and internal controls	Record-keeping	Limitations on the use of cash	Reporting of STRs
Banks	181	136	23	7	79
PIs/EMIs	23	21	7	0	14
AMCs	46	25	5	0	8
ICs	14	8	1	0	1
Non-bank credit operators	61	33	10	0	11
Trusts	5	2	0	0	2
Total	330	225	46	7	115

Table 3.3. Off-site findings per category of FIs (2019-2024)

FI Category	CDD	Organizational structure and internal controls	Reporting of STs	Record-keeping	CFT	Limitations on the use of cash	Self-risk assessment
Banks	196	129	149	44	3	16	37
PIs/EMIs	21	20	15	10	0	0	14
AMCs	32	73	12	11	0	0	27
ICs	6	22	3	1	1	0	14
Non-bank credit operators	54	71	23	13	0	1	5
Trusts	10	5	6	2	0	0	0
Total	319	320	208	81	4	17	97

207. There are significant differences in the type of findings across sectors. Particularly worrying are the high proportion of compliance findings among trust companies / fiduciary companies and PIs/EMIs, given the risks related to these sectors, even though the number of findings for trust companies/fiduciaries is not a high number.

Figure 3.1. Incidence of compliance and operational findings, per category of FIs

3.4.1. CDD, record-keeping, BO information, ongoing monitoring

208. FIs and VASPs generally understand their CDD obligations and record keeping requirements and have implemented appropriate measures. Smaller FIs appear to spend significant time and resources in identification of BOs, particularly when complicated corporate structures are involved. This is less of a case for larger FIs, which tend to have more advanced systems, resources or contracts with third-party providers specialising in this area. Although supervisors often find shortcomings in CDD measures during on-site examinations, they suggest these are more often operational findings rather than compliance findings.

209. FIs have effective processes in place for onboarding customers and carrying out CDD, including through online channels. CDD is predominantly performed face-to-face, and in 2023, remote identification was used in 14 % of the onboarding of new customers. Among the remote identification methods, only a small percentage of new customers are onboarded through digital identities and signatures (3.3%), and more advanced biometric recognition procedures are used in customer onboarding (2.6%).

210. FIs classify their customers according to risk and perform ongoing CDD at various intervals in line with these classifications. Typically, high risk customers are reviewed annually, medium risk customers every 2-3 years and low risk customers seldom or only based on triggers (such as a change in the operations or structure of the entity). There appears to be very little use of simplified due diligence (only 2 % of customers onboarded by FIs). This practice may lead to less risk-based use of resources by FIs, as well as increase the risk of financial exclusion. However, the BoI is aware of this issue and has led outreach activities to reduce these risks.

211. FIs are required to check for beneficial ownership and understand the ownership and control structure of an entity as a part of the CDD process. This is done using a range of available sources, including the companies register, and FIs generally do not rely solely on self-certification by clients. The lack of a functioning beneficial ownership register in Italy was well known to the representatives met on-site, but there were few concerns expressed by this, due to the perceived good availability of other information of use either in the Italian business register or through external service providers (especially

in cases where the ownership structure had linkages outside of Italy). The importance of accurate information in the business register is therefore worthwhile to highlight, (cf. Section 4.4 on notaries' compliance and Section 5.3). The representatives met by the Assessment Team were aware of the specific issues which presence of trusts and similar legal arrangements (including Italian fiduciaria) entail in terms of beneficial ownership identification.

212. While FIs are generally fulfilling their CDD and ongoing monitoring obligations, there are cases of breaches of basic requirements concerning CDD (both at the onboarding and ongoing monitoring stages)

213. As for VASPs the information from supervisory action by the GdF indicates less developed understanding of CDD and ongoing monitoring obligations. It is illustrating that during 2019-2024, the GdF conducted 36 inspections and found a total of 72 administrative violations and 1 criminal violation, where 38 of the administrative violations concerned CDD and 15 of the same concerned record-keeping. Based on this, the compliance level appears to be lower than among FIs, both for CDD and record-keeping requirements.

3.4.2. Enhanced or specific measures

214. Politically exposed persons (PEPs) and their family members and close associates: Italy has a comprehensive definition of PEPs and their associates. FIs and VASPs identify foreign and domestic PEPs, including their family members and close associates, through checks against commercial databases. This extends to corporate customers whose BOs are PEPs. FIs and VASPs apply EDD measures for PEPs and the FIs and VASPs met during the on-site were aware of and implemented EDD measures for PEPs. While the legal definition of PEPs for the period under review limited the definition of PEPs to one year after them ceasing to be PEPs, entities continue to monitor these individuals and apply EDD measures commensurate with risks. While the authorities and the entities met during the on-site did not express any concerns stemming from this legal deficiency, given Italy's high risk of corruption, this was viewed as a material deficiency. While FIs and VASPs may have been complying with the applicable requirements in Italy during the period under review, their compliance have only partly been in line with the standards.

215. Correspondent banking: Banks in Italy have a good understanding of the risks and mitigating measures related to correspondent banking relationships. Banks ensure ongoing monitoring of the relationship with the respondent, with frequency and depth commensurate with the correspondent banking service provided. They adopt dedicated IT procedures to detect transactions of an unusual nature owing to the recurrence or amount of the transactions, or by the destination or origin of the flows. Most of the activity is performed by the top ten banks in Italy (93.5 % of correspondent banking transactions in 2023). However, there are instances of inadequate application of mitigation measures, and supervisory activity has identified gaps in implementation of mitigation measures relating to transaction monitoring related to the correspondent relationship, and a cease-and-desist order was issued for one large Italian banking group.

216. New technologies: FIs generally show an understanding of the impacts on ML/TF risks stemming from the strategic development of the business (e.g. wealth management, private banking, digitalization) and the adoption of innovative projects, including the launch of new activities and entering in new markets. The BoI conducts a specific "FinTech Survey" in the banking and parts of the non-bank credit operating sector every two years to obtain information on the impact of technology on AML. Based on this, paired with an off-site thematic review on use of innovative tools, the BoI confirmed the potential and identified risk associated with such tools. On the one hand, tools could support more timely updating of information and customer risk profiling, but the tools could also lead to underestimation of risk profiles in case of a lack of appropriate safeguards. One example of a type of

product which appears to have been launched without sufficient consideration of ML/TF risks, is the virtual IBAN (vIBAN). The UIF performed a targeted campaign in the beginning of 2023, which revealed its use in some cases. Following the campaign, the UIF and Bol issued a joint communication in December 2024 on the topic, highlighting risks and useful guidance. Limited information has been available on the VASPs' compliance with the relevant obligations, but one VASP representative met on-site confirmed the participation of AML/CFT competences in the relevant company bodies before product launches.

217. Wire and virtual asset transfer rules: FIs have systems in place to detect atypical transactions, taking into account the customers' risk profile, the beneficiaries and their location, in order to support the STR process. The new rules on virtual asset transfers applied in the EU (including Italy) from 31 December 2024, as part of the Transfer of Funds Regulation (TFR recast). Limited information has been made available on the compliance with these obligations up until the on-site, but Bol has drawn attention to the issue as part of pre-filing meetings concerning licencing according to MiCA. This has shown that some VASPs have a high-level awareness of these obligations and the VASPs' potential mitigating measures (such as blocking self-hosted wallets and only transacting with other VASPs that comply with the travel rule requirements). At the same time, other VASPs are less aware of the critical issues, such as over reliance on third party service providers. At the time of the on-site, no FI offered transfer of virtual assets services, but the one FI which was considering this exhibited a high level of awareness of the possible risks.

218. High-risk countries: Bol's supervision indicates that FIs generally apply enhanced due diligence in cases where high-risk countries identified by the FATF are involved (including when this is different than the countries identified by the EU). This was largely reiterated by representatives of FIs and VASPs met on-site.

3.4.3. AML/CFT reporting obligations, tipping off

219. Overall, compliance by FIs with STR obligation has improved over time, and the FIs and VASPs met on-site confirmed having filed STRs in practice. The Bol considers that there is still a need for FIs to strengthen transaction monitoring processes. This is seen in supervisory findings of STR non-compliance and associated supervisory actions taken, including pecuniary sanctions. The seriousness of the shortcomings noted in the supervisory findings indicate the extent of the shortcomings in the implementation of the reporting obligation.

220. The implementation of reporting obligations is not very advanced in VASPs. Data from the UIF indicates that only 27 VASPs (of a total of 150 registered for providing services in Italy in 2024) have ever reported STRs although these constitute larger VASPs which account for about 75 % of transactions between crypto and fiat performed by Italian VASPs during 2024 (as reported to the OAM).

221. While all supervisors include compliance with STR obligations as part of on-site inspections, the UIF may additionally perform its own inspections concerning STR compliance. The UIF also conducts internal analyses on the STRs received to understand how and to what extent STRs are filed in accordance with the requirements. The inspections are coordinated by the Inspections Coordination and Analysis of Irregularities Division (CIS Division) following a risk-based approach.

222. During the on-site the UIF confirmed that there had previously been issues with "defensive reporting", where low-quality STRs were filed prior to any substantial analysis was made on the part of the FI/VASP. Outreach activities conducted by the UIF is believed to have contributed to fewer STRs from some sectors (large banks), but with a higher quality. There has also been attention paid by the UIF to the issue of many STRs being filed concerning single transactions, while the more valuable STRs may instead be a single STR including information on several (potentially hundreds of transactions).

VASPs STRs are generally considered to be of low quality, with deficiencies both in formal (i.e. required information) and substantive aspect (i.e. description of the reason for the suspicion), but there exist differences in quality of reporting between VASPs, with the VASPs reporting by using the tailored CSV file format generally providing more useful STRs. These are the VASPs which, prior to the introduction of such filing possibility, had sent a significant portion of the STRs.

223. The UIF reports that STRs overall have a high quality of “formal accuracy”, which means that they are filed with the information required. Some sectors do, however, have relatively high percentages STRs with “non-blocking issues. These are STRs that have some form of lacking information, but which are nevertheless captured by the systems of the UIF. These sectors include large (7%) and medium-small banks (13%), as well as STRs relating to payment cards (19 %). The UIF furthermore underlines that STRs have a high degree of complexity, by involving multiple parties and structured transaction. UIF data show that the timeliness for filing STRs is steadily improving across the sectors, with some numbers being less representative due to the low number of STRs filed.

224. Despite the encouraging improvements in abiding by reporting regulations, there exists some concern related to the technical requirements for STR filing. Filing an STR requires registering with the UIF’s RADAR system, a process which has been simplified by the UIF in 2024 for ease of registration, but such registration is not a mandatory requirement for FIs or VASPs. In practice, this could hamper the provision of STRs in certain cases, or lead to delays while the FI or VASP is registered on the portal.

225. There are rules and systems in place to prevent tipping off, including high degree of technical confidentiality in the system for reporting and communicating with the UIF about STRs or follow-up. The Bol’s examines, as part of on-site inspections, whether FIs have in place a sound STR framework and procedures in place, including to prevent tipping off.

3.4.4. Internal controls, procedures and audit to ensure compliance

226. The internal controls and procedures have been strengthening over time in FIs, with differences across sectors, although deficiencies related to internal organization etc. remains a large category of supervisory findings. While the situation in banks appear largely satisfactory, the PIs/EMIs have more often a less mature compliance culture, weaker internal governance arrangements and risk management. Bol states that following its supervisory engagement, including a horizontal off-site analysis, the controls are slightly improving. AMCs and ICs tend to use a “tick the box”-governance rather than actively managing ML/TF risks. Only less serious findings have been identified for trust companies / fiduciary companies.

227. Limited information has been available to the assessment team of VASPs’ compliance with internal organization requirements. GdF findings have not explicitly referred to such findings during inspections, but UIF inspection activity has identified the lack of any internal regulations in inspected entities in practice. Although the VASPs met on-site appeared aware of and implemented internal control measures, the impression based on Bol’s meetings with VASPs in preparation for the application of MiCA appear to indicate that there is much room for improvement in the sector.

3.4.5. Legal or regulatory impediments to implementing AML/CFT obligations and mitigating measures

228. There are no indications that there are legal or regulatory impediments in Italy to implementing AML/CFT obligations and mitigating measures. There are specific rules in place concerning the requirement to ensure sharing of information within groups. In cases where this is limited by the law of other states, there are specific requirements on FIs to manage the ensuing ML/TF risks. In practice, such

measures have been necessary in a very limited number of cases (two Italian banks with subsidiaries in Russia), and following the Bol's approach, measures were taken by the banks to mitigate the risk.

3.5. Supervisors risk-based monitoring or supervising compliance by FIs and VASPs

229. The Bol, IVASS and GdF apply a risk-based approach to supervision respectively following their own robust supervisory framework. The supervisors produce annual supervision plans, which generally prioritise the highest risk areas and enable effective allocation of supervisory resources.

230. Overall, the supervisory activity by the Bol is adequate, risk-based and calibrated according to the relative importance and risks of individual entities. Supervision generally consists of a mix of off-site, on-site and thematic inspections, which are well interlinked. Off-site supervision generally consists of desktop reviews on all FIs, including lower-risk institutions, to perform individual FI risk assessments and identify area of concern. The desktop review is conducted mainly based on periodic information submissions by FIs, which include quantitative data on risks, qualitative questionnaire on regulatory self-assessment, AML/CFT internal audit reports, etc. Results from off-site supervision are generally fed into the on-site inspection plans and are used to target specific areas of focus. On-site supervision generally focuses on firms' risk assessments, completion of CDD and record keeping, promptness of STR submissions, robustness of AML/CFT compliance programme, including policies and procedures, as well as effectiveness of customer risk profiling, sanction screening and transaction monitoring. There is a particular focus placed on the design of the firm's risk control framework and operational implementation. The amount of information assessed appears comprehensive enough to provide a good picture of the firm's risks and control framework.

FIs supervised by the Bol

231. The Bol established a dedicated AML/CFT supervisory unit (AML Unit) in June 2022, which now reports directly to the Bol's Governing Board. The AML Unit is responsible for participation in international and supranational AML/CFT bodies, drafting of national regulations and off-site supervision. On-site supervision and issuing of sanctions for non-compliance is handled by the Bol's Financial Supervision and Regulation Directorate (DG FSR). The creation of the AML Unit led to a substantial increase in the resources dedicated to AML/CFT supervision in the Bol, which at the end of 2023 total an estimated 95 FTEs across the various activities.

232. Based on its resourcing and its understanding of risks (cf. CI 3.2 above), the Bol performs different types of on- and off-site supervisory activities towards FIs under its supervision. These are categorised as follows:

- Annual meetings – generally held since January 2023 at the premises of the FI, with the AML function, with the largest banking groups and selected large players in other sectors, including PIs/EMIs. The largest banking groups cover about 80 % of the market (in operational volumes) and 36 % of customers of all FIs under Bol's supervision. The large players in other sectors are chosen according to risk plus e.g. number of customers, number of transactions, market share and cross-border activities.
- Off-site thematic in-depth assessment ("deep dives") – a type of assessments whose intrusiveness ranges between on-site inspections and standardised off-site activity. Given the operational efforts needed, the targets of deep dives are only very high priority FIs in terms of risk or operational complexity.
- Horizontal analyses – analytical activities concerning (parts of) the financial system, e.g. specific sectors, sample of supervised entities, business lines etc. It typically entails information requests

(questionnaires) or thematic cross-sectional insights via off-site reviews or thematic on-site campaigns.

- On-site inspections, of various types:
 - Full-scope – investigates all core AML/CFT safeguards, sample testing, interviews with personnel, testing of systems. These may be conducted as part of full-scope prudential on-site inspections.
 - Follow-up – investigates whether previously identified weaknesses have been rectified.
 - Targeted – focus on specific processes or risks
 - Thematic – addressed to a sample of FIs to understand how specific sectors or types of entities mitigate risks

233. Based on these so-called “observation actions”, the BoI may find it necessary to follow-up with enforcement actions. These may entail ‘to do-letters’, measures which restrict the activities of the entities as well as sanctioning measures. Only the sanctioning measures are published by the BoI.

234. The BoI has established a supervisory manual and trains its staff to ensure a consistent approach to supervision.

235. The BoI’s 4-year strategic plans ensure that supervision is risk based (the current plan is from 2024-2027). The plan incorporates the sectoral risk assessment and risk assessment of individual FIs. Based on this, priority classes are identified, and these determine how often a full individual risk assessment is performed and the intensity of supervisory actions. The priority classes are then compared to an assessment of capacity, and this determines the frequency of supervisory action and the nature of the inspections and horizontal analyses to be performed.

236. The strategic plan determines the AML Unit’s annual operational plan. All entities which are classed as ‘Very High’ in priority are inspected (on-site) during the four-year period. For the other priority classes, the frequency of inspections is lower and depends on a number of factors, such as the results of the individual risk assessment of the FI. The BoI also conducts on-site inspections when the need arises, even though the strategic or operational plan may not have required it. This also serves as an opportunity to verify the robustness of the selection process.

237. The type of inspection to be used is tailored to the supervisory needs and the priority class to which an FI belongs. Full-scope and targeted on-site AML/CFT inspections are generally used for FIs in the ‘Very High’ and ‘High’ priority classes, while FIs in the lower priority classes may instead be inspected as a component of prudential full-scope inspection. Thematic and follow-up inspections are used for all intermediaries regardless of priority class, depending on the needs.

238. Areas for in-depth horizontal analysis are determined by the strategic plan. For 2024-2027, the selected areas of focus include i) FIs’ organizational structures and, for banks, AML functions’ operational models and, for PIs/EMIs, improvements in the organizational structures of foreign PIs/EMIs established in Italy; ii) AML core processes, with regard to the transaction monitoring, due diligence and risk profiling, self-assessment of ML/TF risks and the outsourcing of AML functions and activities; iii) implementation of EBA guidelines on the role of the compliance managers/officers, the remote on-boarding and de-risking. . In addition to that, in 2025 the BoI AML Unit also started an in-depth analysis on the measures adopted by FIs to ensure compliance with obligations related to combating the financing of terrorism and the proliferation of weapons of mass destruction, or those stemming from the application of EU and national restrictive measures.

239. The supervisory actions to be taken towards the FIs takes into account the individual risk assessment score of an entity, according to the following figure:

Table 3.4. Supervisory actions associated with risk assessment score

<i>Risk assessment score</i>	<i>Expected supervisory actions</i>
1	Regular desk review ¹³ Horizontal analysis
2	Regular desk review Observation actions (letter/meeting/deep- dive/on-site inspection) Horizontal analysis
3	Regular desk review Observation actions (letter/meeting/deep-dive/on-site inspection) Horizontal analysis Enforcement actions: "to do" letter; sanctioning measures applied in case of serious, systematic, repeated breaches Follow-up actions (letter, meeting, follow-up on-site inspection)
4	Regular desk review Enforcement actions: restrictive measures; sanctioning measures applied in case of serious, systematic, repeated breaches Follow-up action (letter, meeting, follow-up on-site inspection)

240. Overall, the BoI has performed the following supervisory actions in the period 2020-2024:

Table 3.5. Number of off-site and on-site actions by type per year

	2020	2021	2022	2023	2024
OBSERVATION OFF-SITE ACTIONS	137	277	242	370	466
observation letters / emails	66	154	105	160	208
meetings /calls	71	123	137	209	258
deep-dives	0	0	0	1	0
ENFORCEMENT ACTIONS	116	89	89	123	154
enforcement letters	96	76	80	114	140
sanctions	19	12	6	8	8
cease and desist orders	0	1	2	0	0
restrictive measures	1	0	1	1	6
TOT. OFF-SITE INDIVIDUAL ACTIONS	253	366	331	493	620
HORIZONTAL ACTIONS	0	11	10	6	6
thematic off-site	0	0	0	2	1
thematic on-site	0	11	10	4	5
OBSERVATION ON-SITE ACTIONS	43	72	57	58	36
full-scope on-site	40	72	57	56	32
targeted on-site	0	0	0	0	3
follow-up on-site	3	0	0	2	1

241. According to the BoI, the increase in the off-site actions which have been taken is attributable to the establishment of the AML Unit. The impression of representatives of FIs met during the on-site confirmed the impact of the organizational changes implemented by the BoI through a more positive and impactful supervisory engagement. While noting that the largest portion of the activity relates to less-intrusive measures (letters, e-mails, meetings and calls), the activity level still appears to be on a reasonable level.

¹³ Update of the ML/TF risk assessment.

242. The supervisory activity of the Bol is supplemented by the supervisory activity by the UIF. Furthermore, CONSOB occasionally conducts supervision on behalf of Bol. In the period 2019-2024 CONSOB performed 3 full scope on-site inspections on behalf of Bol.

243. The UIF carried out 65 on-site inspections and 21 off-site controls in FIs and VASPs in the period 2019-2024. These inspections have a special focus on the reporting obligations of the entities. The outcomes of the findings are in all cases shared with supervisory authorities as well as with the entities themselves, to enable the adoption of remedial measures. The UIF has also initiated sanctions in some cases.

FIs supervised by the GdF

244. The GdF is the sole supervisory authority for certain FIs and entities, including fiduciary companies (except those supervised by the Bol), currency exchangers, agents of FIs (most commonly Payment Institutions) and credit brokers. The GdF performed 514 on-site inspections in the period 2019-2024 (this includes inspections in some FIs under other supervisors' remit, after its prior agreement). Most of these inspections (310) were on agents of Payment Institutions, which aligns with the risk assessment of these operators.

245. While the supervisory activity of the GdF appears to be broadly risk-based, the effectiveness of its supervisory activity should be enhanced further. A specific issue concerns the apparent lack of sufficient interaction between the GdF and the central contact points of foreign payment institutions established in Italy. This concern is further exacerbated by the limited follow-up with central contact points and the Bol on remedial action for the deficiencies identified in agents during on-site inspections although the AML Law in principle requires the GdF to provide the central contact points with information about inspection outcomes.

Insurance Sector

246. IVASS performs both on- and off-site supervisory on insurance companies and distributors, and these are conducted in line with an annual risk assessment. On-site inspections are performed by the IVASS' specialised AML unit, which is currently made up of 5 people. The inspections detailed in the table below are AML-specific inspections. Off-site AML activity is performed by the same unit. During inspections at insurance undertakings, IVASS also checks compliance of distributors with their CDD obligations. Further, GdF performs inspections on these distributors, after prior agreement with IVASS.

247. An overview of IVASS' on-site activity in 2020-2024 is included in the following table:

Table 3.6. On-site activity by IVASS

On-site inspections and sanctions imposed 2020-2024	2020	2021	2022	2023	2024
Inspections	5	5	7	-	11
Serious findings	-	1	-	-	2
Moderate findings	5	-	-	-	3
Light findings	-	3	-	-	3
Sanctions imposed:					
- pecuniary	-	2	-	6	2
- cease and desist orders	2	-	-	-	-

248. The activity appears to be sufficient, given the risks and size of the life insurance sector. The sector is very stable in terms of the companies licensed to provide services (69), with very limited changes in the supervisory population in the last 20 years.

Supervision of VASPs

249. The supervisory activity of the GdF towards VASPs has been concentrated in the period following the introduction of the OAM register of VASPs in May 2022. Before this, the GdF used a specific IT tool to identify operators in Italy, based on open sources, but the intensity of supervisory activity was lower. In this, the GdF has done two thematic supervisory reviews of the sector through the AOR process (see paras 239-240). These led to the identification of 24 and 8 operators at risk, respectively. These operators have been subject to on-site inspections by the GdF, together with a further 20 VASPs at medium risk. In addition, the UIF conducted some inspections on VASPs. Two VASPs were inspected in between 2019 and 2020, while a further two inspections were performed in 2022 and 2024. The UIF used STRs, especially STRs from other FIs concerning VA and the VASP's activity, to select the targets for inspection.

250. The risks and importance of VA and VASPs may appear somewhat lower in Italy than in comparable countries, based on Italian authorities' analysis of the spread and use of VA and VASP services (with Italy ranking 50th in the world in 2022 for number of VA holders.), however the sector is categorised as high risk due to inherent risks of the sector. Overall, supervisory action appears to be effective and aligned with risk.

3.6. Impact of monitoring, supervision, outreach, remedial actions and effective, proportionate and dissuasive sanctions on FI and VASP compliance

251. The supervisory authorities widely employ remedial actions where they identify failures in compliance in line with their respective enforcement and penalties framework. Although Italy has a mechanism to apply formal measures for violations, this power is only sparingly applied.

252. The Bol employs a wide range of measures including enforcement letters, sanctions (pecuniary), cease and desist orders and restrictive measures to induce increased compliance in among FIs. Some prudential measures can also be taken, such as requiring changes in the management or appointing temporary administrators, as well as convening the management board. In principle, extremely serious breaches of AML/CFT obligations may also lead the prudential arm of the Bol to initiate compulsory liquidation or resolution of FIs.

253. Despite these wide powers, there is a preference for the use of enforcement letters and restrictive measures, rather than other forms of sanctions, such as fines or cease and desist orders.

The enforcement letters recommend measures which must be taken to strengthen compliance or remedy gaps.

254. The Bol only gives limited publicity to the remedial measures that it takes. Only sanctions are published by the Bol and other types of supervisory actions are not made public, not even in an anonymised form. Even restrictive measures which require prohibitions on taking on new clients will often have to be made public by the affected entity. The following presents the Bol's sanctioning practice for AML/CFT breaches:

Table 3.7. Enforcement actions by Bol, by category and per year

Enforcement Actions	2020	2021	2022	2023	2024
Enforcement Letters	96	76	80	123	154
Sanctions	19	12	6	8	8
Cease and desist orders	0	1	2	0	0
Restrictive measures	1	0	1	1	6

255. The follow-up process to inspections is formalised and include deadlines for specific remedial actions and requires regular reporting from the relevant FI of the corrective measures implemented. Such information to the Bol is required to be approved by the FI's board. For the most serious issues, the Bol conducts regular checks on the progress made by the FI. Bol further usually requires a verification of the implementation of the remedial plan by the FI's internal audit function, which in turn must be approved by the board of the entity. Depending on the severity of the case, the Bol may also perform follow-up on-site inspection. Where restrictive measures have been imposed, an on-site inspection is usually planned to verify the improvements necessary before the restrictive measure can be lifted.

256. The supervisory action of the Bol has had a positive impact on FIs' compliance. This is evidenced by the decreasing number of serious breaches found during supervisory activity. Further, case examples demonstrate how FI's which have previously been the subject of supervisory actions have improved their compliance over time. Changes in the behaviour of FIs may also be seen in the annual reports of the AML functions which are submitted to the Bol, as well as relevant changes made to the self-risk assessments.

Box 3.2. Impact of Remedial measures

The results of the 2019 AML/CFT on-site inspection carried out by the Bol on a branch of an EU Group. The OSI ended with a 'non-compliant' rating (4 out of 4), highlighting serious shortcomings in all the AML processes, especially customer due diligence (CDD). Weaknesses were highlighted concerning customer profiling and enhanced due diligence (EDD), transaction monitoring, anomalous transaction analysis and suspicious transaction reporting (STR), within a framework characterized by very weak AML governance, management and control systems. Serious shortcomings were also detected in the monitoring tools and safeguards for the use of cash. Considering the results of the OSI, Bank of Italy imposed on the branch an administrative fine of a significant amount for breaches of the Italian AML Law.

To address the serious deficiencies in the bank, the Governing Body of Bank of Italy decided the following measures: i) requiring the supervised institution to take urgent actions and submit a remedial plan; ii) imposing the prohibition to undertake any operation with new customers. In addition, the Bol provided the supervised entity with the inspection report and a remedial plan for the strengthening of AML governance and internal controls functions and the complete resolution of shortcomings in the AML processes. The results of the OSI and the subsequent supervisory activity carried out by Bank of Italy were communicated to the Parent's company AML/CFT Supervisory Authority.

Bank of Italy conducted a follow-up on-site inspection in 2020 to verify the effectiveness of the remedial plan. The follow up ended up with a positive rating ('partially compliant' - 2 out of 4), revealing the overcoming of the weaknesses in the AML processes and safeguards. Considering these outcomes, the Bank of Italy lifted the operational ban imposed.

257. While the Bol's approach to inducing strengthened compliance works well, there are room for improvement. The lack of publication, including in an anonymous manner, of other enforcement actions than sanctions, lessens the possible dissuasiveness of the supervisory measure and effectively hinders the possibility of those specific examples of non-compliance contributing to strengthened compliance in other entities than the one directly affected by the decision. The indirect publication of restrictive measures, by the necessary publication of information about restrictions on its business by the FI, may help, but it will seldom contain information on the issues of non-compliance which led to the imposition of the restrictive measure in the first place.

258. Pecuniary sanctions are determined based on factors such as the seriousness of the violation and the financial capacity (expressed in terms of total turnover) of the entity involved. Several sanctions are close to the legal minimum, which is explained by the small size of the entities involved. Further, there is some reluctance to use the full range of pecuniary sanctions, due to the broader impact such actions could have on entities – either by the reputational risks contributing to a quickly deteriorating financial status or the imposition of a higher pecuniary sanction risking the financial soundness of the entity. Nevertheless, Italy does at times impose more serious pecuniary sanctions, such as a fine for an EMI for EUR 2.5 million in March 2025. As only sanctions are published by the Bol this implies that the Bol publishes information about only a fraction of the actions it is taking to improve compliance. The number and total amounts of sanctions imposed by the Bol were as follows between 2019 and January 2025):

Table 3.8. Sanctions imposed by Bol

	No. of AML/CFT sanction	Amount of AML/CFT sanctions
2019	19	3 174 000
2020	19	5 603 000
2021	12	701 000
2022	6	310 000
2023	8	435 000
2024	8	265 000
2025 (Jan)	2	440 000

259. IVASS applies sanctions for non-compliance, as referred to in the Table 3.6. This comes in addition to the remedial actions that the IVASS takes to improve the compliance of insurance undertakings under its supervision. IVASS believes its activities has contributed to increased compliance, and therefore lowering of residual risks, in the life insurance sector. The decrease in number and severity of the shortcomings identified in the period alludes to the effectiveness of these remedial measures. While sanctions generally support increased compliance. the timeline for imposition of sanctions is generally 21-22 months after the on-site inspection. This timeline for the imposition of sanctions lessens their impact in practice.

260. UIF and GdF may request the Ministry of Economy and Finance (MEF) to impose sanctions following their inspections. In particular, the UIF may request sanctioning procedures for the failure to report STRs, given its regulatory remit. When the GdF performs inspections on entities which fall under the supervisory competence of the sector supervisory authorities (CONSOB, IVASS, Bol), the report about initiating a sanctioning procedure is instead handled by the respective supervisory authority.

261. Data has been provided by the MEF on the overall sanctioning for breaches of AML/CFT obligations among FIs and VASPs, with the latter being subject to 8 fines totalling EUR 191 500 between 2019 and April 2025. Overall, the data from the MEF confirm a willingness to impose pecuniary sanctions for breaches of the relevant obligations, but there are some concerns which persist.

262. First, the sanctions of the MEF are not published, not even in an anonymous form. This therefore lessens the dissuasiveness and effectiveness of the sanctions imposed, in particular the possibility of the sanctions inducing strengthened compliance among other FIs and VASPs than the entity directly affected. Second, the MEF has a two-year deadline for imposing sanctions, which automatically is prolonged by six months in cases where the affected entity avails itself of the right to be heard. Since this deadline starts to run when the MEF receives the possible sanctioning case, the time since the actual inspection or other supervisory activity identifying the relevant breaches is even longer, depending on the time taken in the GdF or UIF. The length of the sanctioning procedure undermines the effectiveness of the sanctions but considering that the VASP sector, as CASPs, will come under the sanctioning responsibility of the Bank of Italy as a result of the MICAR Regulation, this issue (represents a temporary shortcoming under IO3).

263. The authorities conduct various types of outreach activity to enhance the compliance in the FI and VASP sectors. The BoI conducts supervisory dialogue with the entities under its supervision in various ways. For the relevant entities it covers, the annual meeting (cf. CI 3.5 above) provides an arena for direct dialogue with supervised entities. The BoI further provides guidance and FAQs to FIs on the application of the regulatory framework, including after thematic/horizontal reviews. The UIF has published anomaly indicators to help FIs and VASPs in conducting transaction monitoring and identifying STRs and regularly issues collections of sanitized cases, trends and patterns of anomalous conduct. Representatives of the authorities (especially from the BoI, UIF and GdF) also regularly participate in various types of conferences, workshops and training sessions to improve the compliance of the FIs and VASPs. On the other hand, the GdF as a supervisor does not appear to prepare guidance or similar documents to help the entities under its supervision to comply with their obligations.

4 Non-financial sector supervision and preventive measures

The relevant Immediate Outcomes considered and assessed in this chapter is IO.4.¹⁴ The Recommendations relevant for the assessment of effectiveness under this chapter are R.22, 23, 28, 34 and 35 and elements of R.1, 29 and 40.

Key Findings, Recommended Actions, Conclusion and Rating

Key Findings

- a) Measures for licensing and registration requirements are in place for all DNFBPs, but their effectiveness varies across the sector.
- b) The GdF has a wide range of sources of information about the DNFBP sectors available. The GdF uses the Operational Risk Analysis (AOR) process to develop its risk understanding of entities under supervision, and this is used to prioritise its supervisory functions. The AOR process for the purposes of understanding sectoral risks, is supplemented by active participation in the NRA process and the extensive availability of databases to which the GdF has access.
- c) SRBs play an important role in promoting risk understanding for members, through training activities and controls on regional level. However, this is done more effectively by some SRBs (National Council of Notaries) than others (National Lawyers Council).
- d) Apart from notaries, auditors and large on-line gambling providers who have a detailed understanding of existing and evolving ML/TF risks, the risk understanding for other DNFBPs is less developed. Further, real estate agents and lawyers are too heavily reliant on other obliged entities' AML/CFT obligations to mitigate risks.
- e) The number of STR filings for DNFBPs is overall low but showing an increasing trend, especially for DNFBPs which have received increased focus from UIF and GdF, supported by SRBs, such as notaries. The overall reporting levels has been identified as a concern in the NRA and been highlighted as an issue by supervisors.

¹⁴ When assessing effectiveness under Immediate Outcomes 4, assessors should take into consideration the risk, context and materiality of the country being assessed. Assessors should clearly explain these factors in Chapter One of the mutual evaluation report under the heading of DNFBPs, as required in the instructions under that heading in the Methodology.

- f) The GdF implements various measures in supervising and monitoring AML/CFT compliance of DNFBPs, but it is difficult to establish the extent to which this is conducted on the basis of risk. The GdF's process for selecting individual entities for inspection could potentially lead to higher risk entities not being prioritised for supervisory action. Further, due to the nature of the GdF's allocation of supervisory responsibilities, there may be long gaps between inspections on even high risk entities, with some up to five years before supervisory activity is conducted.
- g) The GdF can recommend dissuasive pecuniary sanctions within a wide range, depending on the severity of the breaches, which are imposed by the MEF. However, this process is lengthy, and sanctions for breaches typically take two years for imposition, which reduces the impact of such sanctions.
- h) Apart from sanctions, the GdF does not take specific actions to ensure that the deficiencies identified in the AML/CFT/CPF obligations of DNFBPs are remedied, and there is little structured guidance available to help DNFBPs rectify identified issues.
- i) Outreach activities to promote understanding of risks and obligations across DNFBPs are performed by the GdF, CONSOB and the UIF. Given its role as the main supervisory authority for DNFBPs, the GdF only performs limited guidance activity. These activities are complemented by the SRBs, which conduct training for their members, even though this is more extensive for certain SRBs than for others.

Key Recommended Actions (KRAs)

Italy should:

- a) increase the level of risk understanding and the obligation to mitigate those risks for all DNFBPs other than notaries and PIE auditors through guidance beyond STR requirements and ensure that the guidance reaches all DNFBPs.
- b) ensure better coordination between supervisors and SRBs in order to strengthen the supervision of DNFBPs and remedy the concerns highlighted in the DNFBPs AML/CFT systems.
- c) ensure the application of a range of remedial measures to assist DNFBPs in ameliorating identified AML/CFT/CPF deficiencies.

Other Recommended Actions

Italy should:

- a) ensure that DNFBPs have a clear understanding of, and comply with, their STR reporting obligations, to enhance reporting across all DNFBP sectors, especially for real estate agents, lawyers and accountants, who represents the highest inherent risks.
- b) ensure that the GdF better align its supervisory activities for DNFBPs to warrant a clearer supervisory strategy, including addressing medium and lower risk entities effectively in line with sectoral risks identified.

- c) increase the number of supervisory engagements for high-risk sectors and ensure adequate supervisory coverage across DNFBPs.
- d) apart from CONSOB, more effectively apply dissuasive sanctions in cases of non-compliance by shortening the timelines for imposition of sanctions and consistently publish sanctions for non-compliance, to promote understanding of obligations and encourage compliance.

Overall Conclusions on IO.4

Italy has measures in place to ensure that criminals are not managing or being the beneficial owners of DNFBPs. The market entry controls are thorough across the sectors, and checks for DNFBPs covered by SRBs are conducted regularly. For other DNFBPs however, the checks are only done in connection with inspections, which given the relatively low number of inspections means that many entities can go unchecked. Breaches of licensing or registration requirements are detected and followed up to some extent, but given Italy's exposure to organised crime and cases of criminal infiltration in DNFBPs the checks do not give sufficient insurance that criminal infiltration does not take place.

The supervisors in general have a good risk understanding, however not enough attention is given to ensure that all sectors have a clear understanding of their risks and obligations.

The main supervisor of DNFBPs, GdF, has access to a wide range of information about the entities under its supervision. Higher priority DNFBPs are identified through the GdF's operational plan, which determines the GdF's supervisory activity. The operation plan is formulated taking into account the strategic priorities set by the MEF and inputs from the NRA, as well as with information from GdF of sectors and phenomena of greatest risk. While this is usually a top-down process, with the supervisory plan being formulated by central command, the GdF has some flexibility to change the number of on-site inspections every year, according to emerging risks. Additionally, the GdF identifies risk sectors based on e.g. supervisory outcomes and STR feedback (the so-called AOR process), identifying additional entities for inspections. High-risk sectors such as lawyers and real estate agents receive lesser supervisory attention compared certain other sectors.

The GdF conducts a relatively high number of inspections, but the very large numbers of DNFBPs under its supervision entails that some high-risk entities are not subject to timely supervisory oversight, given the five-year window available to territorial units to inspect the highest-risk entities.

Also, appropriate risk-based strategies are not in place to address medium and lower risks entities effectively.

Breaches of AML/CFT obligations are identified and sanctioned to some extent, but the sanctioning process is relatively long and undermines the dissuasiveness of the sanctions. Outside of pecuniary sanctions no other remedial measures are used by the GdF. Authorities generally conduct outreach activities, but these activities only reach a small proportion of DNFBPs.

Italy is rated as having a Moderate level of effectiveness for IO.4.

Immediate Outcome 4

4.1. Licensing, registration and controls for DNFBPs preventing criminals and associates from entering the market

264. There are two supervisors responsible for supervision of DNFBPs: GdF (casinos (land-based and online), accountants, real estate agents, lawyers, TCSPs and CONSOB (PIE auditors). In addition, the UIF performs on- and off-site controls on STR obligations for all DNFBPs.

265. Further, three SRBs, The National Council of Chartered Accountants, National Lawyers' Council (CNF), and National Council of Notaries control accreditation for professionals. However, the SRBs have no supervisory role for AML/CFT/CPF.

266. In assessing the effectiveness of Italy's supervision of DNFBPs, the Assessment Team placed the most weight on notaries, real estate agents, lawyers and accountants due to the inherent risks faced by these sectors. Less weight was given to PIE auditors.

267. The conclusions in IO.4 are based on statistics and examples of supervisory activities and actions provided by Italy, guidelines and guidance issued by the supervisors, documents used to monitor the different reporting sectors and discussions with the relevant authorities and representatives of a broad sample of DNFBPs.

4.1.1. Market entry controls

268. DNFBPs in Italy are required to be licensed or registered by the relevant competent authorities and SRBs as outlined in the introduction. There is no specific AML/CFT licensing requirement for parts of the DPMS sector, although they must be licensed with the police, and must clear criminal checks. Further, DPMSs are also registered with the Organisation of Agents and Brokers (OAM). To be registered with the OAM requirements regarding offences apply, e.g. anyone who have been sentenced to more than three years of imprisonment and not rehabilitated cannot obtain a registration.

269. There are only four land-based casinos licensed in Italy, and these are public run institutions created by acts of Parliament. These casinos are state institutions and are operated by municipalities and the municipality conducts yearly checks on those with managerial positions.

270. All lawyers, notaries and accountants must be accredited by respective SRBs before they can carry out activity in line with their professions. Professional codes regulating each of these sectors provide specific criteria for fit-and-proper tests and information required as part of the accreditation process. Most of the focus of these processes relates to the professional suitability of the applicant. Additionally, there are certain criteria which disqualify some people from being members of the professional bodies. These are related to a history of criminal conduct and requirements for unimpeachable moral character. These SRBs must regularly check that their members meet these essential criteria even after registration. Real Estate agents too require to be accredited to the Chamber of Commerce, and they must also meet certain educational requirements and must not have criminal convictions.

271. For TCSPs, (CAFs – other entities performing accounting and tax activities, a subset of TCSPs), a relatively stricter set of requirements for the authorisation applies, entailing that the TCSP cannot be authorised e.g. if convictions or sentences are issued regarding financial offences, also if these are not final, or if criminal proceedings are pending in the trial phase for financial offences.

4.1.2. Detecting and addressing breaches

272. The GdF has established systems for detecting businesses carrying out unlicensed activities. This includes processes for identifying and investigating suspected unauthorised activity as well as criminal activity. The GdF can verify compliance with registration and licensing requirements as a part of its onsite inspections as well as based on specific information. For professionals, checks are performed by the SRBs on receipt of information of inconsistencies from the GdF, and deregistration processes are initiated if they are required.

273. The OAM maintains and keeps up to date a register of gold-buying operators. Gold dealers shall promptly notify the OAM when a new gold shop is opened, and the OAM verifies all information received by the applicants and carry out random controls aimed at verifying if the data are up to date and that the registration requirements are fulfilled. There have been several cases of deregistration due to various breaches of the authorisation, registration or licencing requirements identified by the GdF.

Box 4.1. Case Study 4.1

An accountant operating in Milan was discovered based on STRs to be using invoices for non-existent transactions worth approximately EUR 20 million in the tax returns of a company of which he was 99% shareholder and legal representative. He prepared these invoices using the data of third-party companies - all about to go bankrupt or already bankrupt - of which he was the domiciliary.

Investigation ascertained that the company's profits were being converted into cash, and justified in the accounts by numerous invoices for non-existent transactions (the accountant had printed invoices for non-existent transactions for over 30 million euros, and then only used 20 million of them in relation to the revenues actually received) it was used to create financial resources that were further exploited by granting loans, some even at illegal interest rates, or by purchasing investment goods (gold coins and bars, precious stones, jewels, branded watches and collectible pens).

After investigation, the competent judicial authority GIP (*Giudice per le Indagini Preliminari*, the judge in charge of preliminary investigations) of Milan issued a preventive seizure decree for the equivalent of the registered movable or immovable property or credits, sums of money and/or securities, company shareholdings up to the value of the evaded taxes equal to 7,629.044.17 and, subsequently, an order for precautionary custody in prison. Following the conviction, the disqualification measures provided for in Article 19 of the Penal Code were applied and the case was referred to the competent professional association for removal from the professional register, which took place in 2021.

274. Details of sanctions for unlicensed activity for lawyers, notaries, (labour consultants), non-PIE auditors, accountants and TCSPs can be seen below:

Table 4.1. Unlicensed Activity by DNFPBs

Year	Number of cases of 'unlawful practice of a profession' pursuant to Article 348 of the Italian Criminal Code.
2020	76
2021	93
2022	108
2023	89
2024	117
2025	51

4.2. Supervisors identifying, understanding and promoting DNFBP understanding of ML/TF risks

4.2.1. Identifying and maintaining an understanding of the ML/TF risks in the different sectors and types of DNFBPs and of individual DNFBPs over time

275. The GdF has a reasonable understanding of risk in the DNFBP sectors. The GdF's active participation in the NRA process, and the analysis which was developed to support the NRA have been instrumental in developing the understanding of sector. Additionally, the risk understanding of the GdF is supplemented through wide range of databases and registers which the GdF can access, which includes an IT tool consisting of 130 databases with both publicly available data, but also confidential information. Further, the GdF uses information from inspections that it performs on DNFBPs to refine its understanding of risk.

276. The GdF also develops its risk understanding through the "Operational Risk Analysis" (AOR) process of Special Currency Police Unit (NSPV) of the GdF. The AOR process was set up after the 2016 MER and helps the GdF in its risk understanding of entities under supervision as well as the prioritisation of its supervisory functions.

277. The AOR process identifies the risk within and between sectors and also identifies activities where emerging risk are seen. This relies largely on feedback from STRs sent and outcomes of AML/CFT inspections, and inputs from internal case management systems. After this, the AOR mechanism is used to identify and prioritise supervisory action and support the planning of their annual supervisory plan.

278. The UIF primarily bases its risk understanding on the NRA, STRs and other information received and their inspections in DNFBPs which are focused on adherence to STR requirements. Given that most DNFBPs only submit a limited number of STRs and only a few inspections are done in DNFBPs by the UIF, the information received through these sources would naturally be lower than for the sectors submitting larger numbers of STRs.

279. CONSOB has a well-developed understanding of the ML/TF risks of the PIE auditors, informed by the analysis of data and information from the annual self-assessments that PIE auditors submit and by supervisory actions (both offsite activities and the outcomes of AML/CFT onsite inspections).

4.2.2. Promoting DNFBP understanding of ML/TF risks and AML/CFT obligations

280. The supervisors promote risk understanding of DNFBPs primarily through outreach activities. This is visible through AML/CFT focused events organised by the UIF and the GdF during the reference period, which were attended by more than 6 500 participants, across most types of DNFBPs. The non-financial entities met during the on-site emphasised the utility of the events and stated these had led them to develop a more nuanced understanding of the risks and obligations. However, given the large size of the DNFBP sector and relatively modest number of participants for these events, these events are inadequate to support risk understanding across all DNFBPs, particularly in view of the lack of guidance from supervisors. The UIF publishes anomaly indicators to help DNFBPs in identifying areas to pay attention to regarding trends and patterns of anomalous conduct. Also, the UIF issues communications regarding relevant issues for the DNFBPs on various subjects, such as regarding new patterns of anomalous tax behaviour.

281. The SRBs play a crucial role in promoting risk understanding for professionals, through training activities and controls on regional level.

282. The national council of chartered accountants and accountants has in place courses for members to improve their understanding of ML/TF risks. These initiatives are recent, and it is difficult to

determine if they have a significant impact on risk understanding, outside of an improved quality of STRs.

283. The council of notaries also provides guidance on risks and obligations to their members. The council has organised webinars with members to make them understand the legislation better and in order to facilitate communication on the evolution of the risk situation. Notaries met onsite consider the work done by the SRB as important.

284. The national lawyer's council has relatively simple technical rules and does not seem to update these or provide guidance to their members regularly enough. The technical rules were last updated in September 2019. Lawyers met onsite expressed that the support from the SRB could be better to raise the awareness of AML/CFT requirements. A representative met onsite expressed that from a law firm perspective, they do not see themselves reflected in the training activities conducted by the GdF and the UIF. However, Q&A on the MEF's webpage was mentioned as a useful tool in terms of guidance to some extent. The council also informed the assessment team that a protocol will be signed with the GdF to give a standard for training and that at local level initiatives have been taken to organise training with participation of the GdF and the UIF.

285. The real estate associations FIAIP and FIIMA, in total covering approximately 55.000 real estate agents, perform training courses with support from the GdF and UIF. However, there is no information to indicate that this has substantially improved risk understanding or understanding of AML/CFT/CPF obligations amongst the entities.

4.3. DNFBP understanding of existing and evolving ML/TF risks

286. DNFBPs in most sectors met during the onsite generally have a basic understanding of the ML/TF risks they face and the inherent risk of their sectors determined by the NRA, apart from lawyers, whose risk understanding was inadequate. The risk understanding is more mature in larger entities than the smaller ones. Most DNFBPs, unless they are members of large groups, do not conduct internal risk assessments, and unlike FIs, there is no obligation on the DNFBPs sector to conduct such assessments, apart from PIE auditors.

287. Notaries, PIE auditors and large on-line gambling service providers met during the onsite conveyed a detailed understanding of existing and evolving ML/TF risks. The notaries met referred to the risks related to corporate transactions, involving criminal infiltration and transnational elements, especially in some regions of Italy. The notaries met indicated that this growing phenomenon is also reflected in the number of STRs submitted relating to these activities compared to STRs sent regarding real estate transactions, that used to be more prevalent.

288. Land-based casinos met seemed to be focused on very few risk elements for their sector and appeared not to be well informed about emerging risks for the sector. Real estate agents met primarily focused on the risk of cash in transactions and assessed that the risks in the sector are decreasing due to general economic slowdown. The sector's reliance on other obliged entities' AML/CFT obligations, such as notaries and banks make the sector less aware of the specific risks it is exposed to it. The perception of a low risk is not in line with the NRA findings.

289. Lawyers and accountants' risk understanding is less developed, which is especially problematic given the inherent risks these sectors face. Large law firms are aware of risks in the sector, but the medium size and small law firms are less informed and underestimate the inherent risks of the sector. Another concern is the excessive reliance on other obliged entities' AML/CFT obligations to mitigate risks.

290. TCSPs (CAFs) are required to have a labour consultant or accountant consulting as a part of the CAFs, and these members leverage the training provided by their SRBs help understand the exposure to risk. It is, however, unclear if such an approach is effective and the extent to which the sector fully understands the risk exposure.

4.4. DNFBP understanding and compliance with AML/CFT obligations and mitigating measures

4.4.1. CDD, record-keeping, BO information, ongoing monitoring

291. Basic CDD requirements are required to be implemented for all DNFBPs, but there are variations in the level of compliance with these obligations between sectors. DNFBPs met during the onsite indicated they consistently do CDD before they establish business relationship with clients.

292. Despite the general understanding of the CDD requirements, supervisory activity commonly reveals breaches of CDD obligations in entities inspected, with half of all inspections finding breaches of CDD obligations. These lapses are more pronounced in some sectors, such as accountants (breaches found in 100% of inspection), REAs (90%), notaries (70%), other independent legal professionals (57%) and TCSPs (95%) than others, such as casinos (25%) and gold buying dealers (10%). There have been instances observed during inspections of DNFBPs omitting to obtain CDD information.

293. Data retention breaches are also relatively common in some sectors. For instance, in casinos (land-based and online) breaches were found in 28% of inspections, for Real Estate Agents, such violations were found in 43% of inspections and for professional gold dealers in 47%. Data retention concerns were lower for gold buying dealers (13 % of inspections), lawyers (19%) and for notaries (13%).

294. CONSOB finds that the CDD processes in general are in place for PIE auditors, but that some weaknesses in record keeping remains. The most challenging area in terms of CDD is in ensuring robust and effective procedures for EDD.

295. On-line casinos have advanced tool in place for ongoing monitoring. The on-line casinos stated that customers' activities are monitored through AI tools to identify unusual patterns in their conduct.

296. Land-based casinos met at the on-site were also aware of their CDD obligations especially regarding ongoing monitoring, however, an inspection done by the UIF in 2023 on one of the four land-based casinos showed quite significant breaches of the AML/CFT regulation, including not acquiring any basic information about the customers' financial situation and a lack of monitoring to detect anomalous conduct by regular customers. Given that there are only four land-based casinos in Italy, this is a material shortcoming.

297. Outside the gaming sector, other sectors do not do ongoing monitoring of their clients.

Box 4.2. Case Study 4.2

During an inspection carried out by the Special Currency Police Unit on a high-risk target identified by the AOR "compliance visa 2023", it was found that the reporting entity had not correctly fulfilled its customer due diligence obligations, as it had acquired unreliable information regarding the locations of the companies involved in the transactions underlying the transfer of tax credits for which the professional had affixed compliance visas. Furthermore, the professional was unable to produce documentation certifying the checks carried out to identify the beneficial owner, who was sometimes incorrectly identified. With regard to some clients, it was also found that the accountant had failed to

report suspicious transactions despite the fact that some of the companies involved in the transfer of credits: i) appeared in press reports that evoked contexts of criminal relevance; ii) had been recently established and had share capital that was not compatible with the construction activity carried out and with the value of the renovation works declared.

298. The GdF has explained that 22 inspections in other legal professional entities led to findings of major deficiencies in CDD requirements, which were mainly in regard to cases involving COVID funds. In these cases, CDD deficiencies were especially prevalent for cases involving legal persons.

4.4.2. Enhanced or specific measures

299. The casino sector representatives met on-site seemed to have procedures in place regarding enhanced and specific measures for PEPs and high-risk third countries. However, given the deficiencies related to CDD identified in supervisory activity, this does not appear to be consistent throughout the sector. PIE auditors in general also have sufficient measures in place, although a few instances of non-application of EDD for PEPs who have ceased from office for more than one year appeared in practice. Other DNFBPs did not appear consistently to have sufficient measures in place.

4.4.3. AML/CFT reporting obligations, tipping off

300. In general, the reporting level for DNFBPs is low, and this has been identified as a concern in the NRA and been highlighted by supervisors. However, there has been an upward trend in reporting level, and these have increased between 2020 and 2024. The general increase in STR reporting is mainly be attributed to increased reporting by notaries. This is a consequence of increased focus from UIF and GdF and the Notaries council has had a positive effect in increasing the number and quality of STRs submitted for notaries.

301. Some sectors, such as the accounting sector, have seen a decrease in the number of STRs submitted, but this is accompanied by an increase in quality of the reports submitted. For other sectors with high inherent risks, such as real estate agents, the number of STRs is increasing, but from a very low level (19 STRs in 2020 to 41 STRs in 2024) and for lawyers remain at a low level (39 STRs in 2020 to 44 STRs in 2024). UIF analysis of STRs filed by DNFBPs has found that most DNFBPs managed to correctly identify the risk levels of the reports which were submitted.

302. Control activity by the UIF has found that formal accuracy of the reports filed by DNFBPs is generally high, with only few STRs having anomalies or requiring to be cancelled. The highest percentage of STRs with anomalies are filed by auditing firms (4.9%). The timeliness of reporting varied across the sector with notaries (80% average) and for gold traders (85% average) submitted most STRs within 30 days of the last transaction referred to in the STR, while accountants and auditing firms filing a high percentage of their STRs after 120 days.

Tipping off

303. There are rules and systems in place to prevent tipping off, including high degree of technical confidentiality in the system for reporting and communicating with the UIF about STRs or follow-up. The GdF's examines, as part of on-site inspections, whether DNFBPs have in place a sound STR framework and procedures in place, including to prevent tipping off. No significant breaches have been identified by the GdF. Regarding PIE auditors, no breaches of tipping off requirements have been detected.

4.4.4. Internal controls, procedures and audit to ensure compliance

304. Most DNFBPs do not have robust internal controls, procedures and audit to ensure compliance with AML/CFT/CPF obligations. PIE auditors are the only sector having adequate and efficient internal AML procedures and internal control functions in place, although the CONSOB has identified weaknesses that the auditors' own measures failed to identify.

4.4.5. Legal or regulatory impediments to implementing AML/CFT obligations and mitigating measures

305. There are no legal or regulatory impediments for DNFBPs to fulfil their AML/CFT obligations and to apply mitigating measures.

4.5. Supervisors risk-based monitoring or supervising compliance by DNFBPs

Supervision by the GdF

306. The GdF conducts supervisory activities on all types of DNFBPs, apart from PIE auditors, who are supervised by the CONSOB. The GdF have a range of supervisory tools at its disposal, and this includes both on site full-scope inspections and targeted inspections, as well as offsite inspections. The full-scope inspections verify compliance with all AML/CFT obligations. These onsite inspections vary in intensity, with targeted inspections conducted only for a few specific AML/CFT obligations. However, despite the wide powers at the disposal of the GdF to perform supervisory activity, its efficacy is diluted by the lack of coordination between the SRBs and the GdF for the purposes of supervisory activity.

307. Italy to some extent applies a risk-based approach to the supervision of its large DNFBP population, which consists of approximately 340 000 DNFBPs. Annual supervisory planning determines which entities will be subject to specific supervisory activity. Higher priority DNFBPs are identified through the GdF's operational plan, which determines the GdF's supervisory activity, which is carried out by the territorial units and the Special Currency Police units, who has national jurisdiction. The operation plan is formulated taking into account the strategic priorities set by the MEF and inputs from the NRA, as well as with information from GdF of sectors and phenomena of greatest risk. However, many high risk sectors such as lawyers and Real Estate agents are not supervised commensurate to their risk. Further, even though the cash limit means that the DPMS sector is outside the scope of the assessment, the GdF carries out targeted inspections on some parts of the sector.

308. DNFBPs are selected in the operational plan based on the economic relevance, geographic location and information on their risk perception. The operational units (local GdF authorities) decide which DNFBPs to conduct supervision on, based on a pre-defined target of on-site inspections to be conducted. Additionally, any DNFBPs identified by the operational risk analysis (AOR) process [see C.I. 3.2] are prioritised for supervisory activity. For inspections which emerge from AORs the relevant local units determine the specific DNFBPs that will be prioritised for inspections. Therefore, some DNFBPs selected in the AOR process as high risk might not be inspected immediately, given the territorial unit's decision, but would be inspected within a five-year timeline.

Box 4.3. AOR conducted by the GdF

In 2020 the Special Currency Police Unit of GdF developed an AOR (called STRANGER GOLD) with regard to the whole population of professional gold dealers on the basis of the data and information extracted from the declarations contained in the database on gold transactions (called O.R.O.) communicated by the FIU as part of the cooperation relationships pursuant to Article 12, Legislative Decree no. 231/2007. The in-depth examinations of those data, together with information gathered in numerous databases and on the basis of their economic importance and geographical location, made it possible to identify positions characterised by money laundering risk profiles linked to possible predicate offences of abusive gold trading and tax evasion. This kind of activities, performed by GdF in different sectors, allow the identification of possible high-risk target for subsequent on-site inspections.

309. While this is usually a top-down process, with the supervisory plan being formulated by central command, the GdF has some flexibility to change the number of on-site inspections every year, according to emerging risks. Cases from supervision shows how this was done in a sector where emerging risks appeared. This can be seen in cases from 2022 where 22 full scope inspections were conducted in TCSPs (CAFs) due to COVID-recovery laws that increased the risks for the sector, with fraudulent companies being formed to take advantage of state funds. Significant deficiencies were found because of these supervisory activities, which would not have taken place if derogations were not made from the supervisory plan.

310. Overall, the GdF's selection processes, though oriented to risk, needs to be refined to ensure adequate coverage of high-risk sectors (such as lawyers), and medium and lower-risk entities. While the GdF is able to a large extent, to identify sectors and entities with higher and emerging ML/TF risks, the selection process for entities is structured such that only the highest-risk entities are selected for on-site supervision, and other entities are not effectively prioritised for onsite activity. The GdF conducted very few inspections in lower than high-risk sectors, which could contribute to increasing the level of knowledge about the sectors' compliance and substantiate the risk categories for the sectors that are not characterised as higher risk.

311. The high number of DNFBPs (as well as some FIs) under GdF's supervision makes it challenging to allocate sufficient resources to supervise the different sectors to ensure compliance with AML/CFT obligations. This concern is further exacerbated by the length of time which an onsite takes (between six to twelve weeks). During inspections, the GdF goes through all the entities' activities, ensuring that the entities understand the breaches to AML/CFT/CPF obligations. It is uncertain if the supervision is adequate in terms of mitigating the risk of sectors, particularly those identified to be higher risk (e.g. lawyers and accountants). For the notary sector, the supervisory activities of the GdF appear to have had a positive effect of the risk understanding of the sector, as noted in C.I 4.3.

Table 4.2. Supervisory activity by the GdF (from 2020 to 2024)

DNFBP	No. of on-site inspections	No. of STR violations	No. of CDD violations	No. of Ret. Data violations
Casino, including on-line	53	4	9	11
Real estate agencies	434	50	357	175
Lawyers	333	22	126	52
Notaries	542	179	350	157
Auditors (non PIE)	30	8	26	7

DNFPB	No. of on-site inspections	No. of STR violations	No. of CDD violations	No. of Ret. Data violations
Chartered accountants and accounting experts	1 058	154	846	424
Other entities (TCSPs) performing accounting and tax activities (CAF)	144	33	131	44
Total	2 594	450	1 845	870

312. Further, the lack of cooperation between the GdF and SRBs on supervisory activity is a concern. The GdF does not share its supervisory priorities or the result of inspections with SRBs, which deprives the SRBs of valuable information which could be utilised in their professional oversight of the DNFPBs. Information is only shared by the MEF at the end of the sanctioning procedure and only for the most serious violations committed by professionals.

Supervision by the UIF

313. The UIF also performs control activity for DNFPBs, focused on compliance with STR filing obligations. These are done through general guidelines for its such controls, even though specific inspection methodologies have been created for some sectors, such as gaming service providers, auditing companies and DPMS. The UIF's inspections in DNFPBs are carried out in coordination with GdF.

314. As the table 4.3 illustrates, the number of inspections done by the UIF are overall low.

Table 4.3. Supervisory activity by UIF

Year	2020	2021	2022	2023	2024
Gaming service providers	-	-	1	-	5
Auction houses and art galleries		1	-	-	2
Auditing companies ¹⁵	-	-	1	1	-
Cash in transit companies ¹⁶	-	-	2	1	-
Dealers in gold and precious metals	-	-	-	1	3-2(*)
Real estate agents	-	-	-	2*	
Casinos	-	-	-	1	1(*)
Total	-	2	5	4 - 2 (*)	10 -3(*)

* Indicates off-site inspections

Checks by SRBs

315. In addition to supervision by the GdF and the UIF, a limited role is played by the SRBs as well, even though they are not tasked with AML/CFT/CPF supervision. These checks vary by SRB and include AML/CFT elements alongside other checks.

316. The national council of chartered accountants and accounts conducts AML/CFT/CPF checks as part of their prudential inspection. The controls are done by the local branch and from information given onsite they seem to conduct a relatively thorough check in terms of AML/CFT requirements. The local branches of the council are independent and can chose to check all their members or do sample

¹⁵ Auditing firms supervised by CONSOB.

¹⁶ Additional category to the FATF scope of DNFPBs.

checks. This could lead to a very uneven result at national level and is not in line with a risk-based approach.

317. The council of notaries' local units conducts checks of their members every second year, including AML/CFT requirements. If issues are identified, extraordinary checks can be carried out.

318. Further, CONSOB supervises PIE auditors with a risk-based approach, through offsite activities (192 between 2019-2024) and onsite activities (18, mostly full scope inspections). Guidance and outreach activities are often performed to strengthen the PIE auditor's compliance. The increasing trend in compliance level of PIE auditors demonstrates the efficacy of CONSOB's activity.

4.6. Impact of monitoring, supervision, outreach, remedial actions and effective, proportionate and dissuasive sanctions on DNFBP compliance

319. Supervisors heavily rely on pecuniary sanctions to ensure compliance with AML/CFT obligations, and apart from CONSOB, there is no recourse to other remedial measures to enhance compliance with AML/CFT/CPF obligations. Italy lays emphasis on outreach to enhance DNFBPs awareness and compliance with AML/CFT/CPF regulations.

Outreach activities

320. Outreach activities to promote understanding of risks and obligations across DNFBPs are performed by the GdF, CONSOB and UIF. These activities are complemented by the SRBs, which conduct training for their members, even though this is more extensive for certain SRBs than for others. The sectors and representatives from the SRBs met at the onsite who have attended training seemed to have gained valuable insights from the outreach activities and from collaboration initiatives with the supervisors.

321. The UIF provides guidance to all DNFBPs on STR requirements which appear thorough and detailed. Apart from PIE auditors, who are supervised by CONSOB it is unclear if the efforts done by the supervisors have significantly increased the DNFBPs' risk understanding and understanding of the AML/CFT/CPF requirements.

322. An example of the impact of outreach activities and cooperation can be seen from the improvements in the notaries' risk understanding and their attention to AML/CFT/CPF obligations. The initiatives of the National Council of Notaries, such as training being provided for members and training provided by the UIF has contributed to improving the sectors compliance with AML/CFT obligations and this can be seen in the sector's increase in STR reporting and an improved quality of STRs.

Sanctions and remedial actions

323. The GdF can recommend imposition of pecuniary sanctions within a wide range, depending on the severity of the breaches, these can include fines of from EUR 2 000 for first time, single violations of CDD requirements to fines of up to EUR 50 000 for serious, repeated, systematic or multiple breaches of CDD obligations. The limits of fines for serious obligations vary according to the failures observed, and can be as follows:

Table 4.4. Sanctioning powers of the MEF

Violation	Sanction
Failure during due diligence, to obtain and verify identification data- basic violation, retention obligations.	Administrative fine of EUR 2 000
Serious, repeated or systematic or multiple breaches of customer due diligence obligations or retention obligations.	Administrative fine ranging from EUR 2 500 to EUR 50 000
Failure to comply with the obligation to report suspicious transactions	Administrative fine of EUR 3 000
Failure to comply with the obligation to report serious, repeated or systematic or multiple suspicious transactions	Administrative fine ranging from EUR 30 000 to EUR 300 000
Failure to comply with the obligation to report serious, repeated or systematic suspicious transactions or multiple suspicious transactions resulting in an economic advantage	Administrative fine equal to double the amount of the economic advantage gained, where determined, however not less than EUR 450 000 euro or up to EUR 1 million in the case of an advantage not determined or determinable.

324. In the period under consideration, the MEF has imposed the following pecuniary sanctions:

Table 4.5. Sanctions (in EUR) imposed by the MEF

YEAR	DECREES	SANCTIONS AMOUNT	DECREES W/O SANCTIONS	STR Decrees	AMOUNT STR SANCTIONS	CDD/record keeping Decrees	AMOUNT CDD/record keeping SANCTIONS
2019	201	9 237 142	52	96	8 621 042	105	616 100
2020	168	9 477 811	26	76	8 595 738	92	882 073
2021	235	10 252 687	38	121	9 161 743	114	1 090 944
2022	133	6 453 218	14	71	6 054 718	62	398 500
2023	333	6 982 661	5	112	5 716 382	221	1 266 333
2024	416	6 524 119	13	150	5 195 264	266	1 328 855
2025*	80	1 347 900	2	41	1 070 700	39	277 200
TOTAL	1 566	31 692 290	150				
* = January 1st-April 30th							

By sector, the total number of decrees issued by the MEF and sanctions applied between 2019 and April 2025 was as follows:

Table 4.6. Sanctions imposed by sector

SECTOR	NUMBER OF DECREES	AMOUNTS [EUR]
REAL ESTATE	254	6 007 308
Notaries	173	4 111 848
Lawyers	127	3 593 197
Accountants	257	3 340 937
	47	1 318 950
Auditors		
OTHERS	291	6 520 022
Casinos, online gaming and gambling	9	420 743
DPMS and TCSPs	97	2 743 933
TOTAL	1 485	46 758 981

325. Despite the generally dissuasive nature of the fines which are imposed, their effect is diminished by the lengthy process for issuing administrative sanctions. The administrative fines are imposed by the MEF on the receipt of a supervisory report by the GdF, and the imposition of the fines typically takes between two years after the onsite report is sent to the MEF. In cases where a hearing is requested by the DNFPB to provide further arguments, the MEF can extend the deadline for imposition of sanction by six months. Furthermore, the sanctions of the MEF are not published, which could help promoting understanding of obligations and encourage compliance for other entities.

326. Aside from imposing pecuniary sanctions, the GdF does not do enough to remedy the deficiencies identified in supervised entities. There is no structured follow-up with the entities which are sanctioned, and there is little evidence to demonstrate that the sanctions lead to enhanced compliance in entities. The lack of timely coordination with SRBs further limits the possibility for targeted guidance and support to DNFPBs where deficiencies have been identified.

Box 4.4. Sanctions for breach of obligations

During an inspection carried out in 2021 by the GdF, nine violations of the obligation to carry out customer due diligence measures were found. These were: i) failure to identify customers and beneficial owners, ii) lack of information on the subject matter and nature of the relationship, iii) absence of risk assessment, iv) failure to apply enhanced measures in the presence of non-transparent corporate structures. In addition, one reporting entity failed to report suspicious transactions (punishable by a maximum fine of EUR 300 000) for a total amount of EUR 2 087 288.46, despite the presence of elements indicating transactions without economic or financial justification. At the conclusion of the investigation, accounting for the fact that the operator did not have formalised internal procedures or adequate organisational measures in place to ensure compliance with regulatory obligations, nor had any anti-money laundering training been carried out, as noted by the GdF operational unit, the MEF imposed an administrative fine of EUR 140 000 in 2023.

327. The SRBs issue disciplinary sanctions against serious, repeated or systematic or multiple violations of obligations imposed to their members. This process is relatively fast and will normally not last more than six months. However, these administrative measures are usually only taken once the SRB has received a report from the MEF imposing a sanction, and this entails a large delay in the imposition of disciplinary sanctions, and may blunt the impact of such sanctions.

328. The UIF can initiate sanction proceedings against DNFBPs for failure to report suspicious transactions and have also started proceedings for violations of the limits on the use of cash. The UIF, at the end of the inspection activity, sends an intervention letter to the inspected entity identifying any deficiencies observed during the inspection and the inspected entity is requested to address providing prompt feedback to the UIF. Given the UIF's low number of inspections regarding the STR requirements these do not seem to have a significant dissuasive effect in the DNFBP sectors.

5 Transparency and beneficial ownership

The relevant Immediate Outcome considered and assessed in this chapter is IO.5. The Recommendations relevant for the assessment of effectiveness under this chapter are R.24-25 and elements of R.1, 10, 22, 37 and 40.¹⁷

Key Findings, Recommended Actions, Conclusion and Rating

Key Findings

- a) Overall, Italy has a well-developed understanding of risks associated with most domestic legal persons and arrangements as well as foreign legal persons and arrangements with sufficient links to Italy. Less attention has been paid to some specific types of lower risk legal persons (partnerships and cooperatives).
- b) Criminal infiltration of companies is a common ML typology and well-known in the Italian system, with various measures taken to mitigate specific risks. The mitigating measure which the BO register would represent, is currently suspended, including for access by competent authorities. There is not a sufficient alternative mechanism in place to access BO information. However, competent authorities have the possibility of obtaining the name of beneficial owners in the case of customer relationships with FIs and DNFBPs.
- c) Competent authorities have access to basic information on legal persons from a range of sources, such as the business register and from notaries. Authorities also have timely access to legal ownership information of domestic legal persons. The information does not include information on control (such as associated voting rights), which lessens its value in identifying beneficial owners.
- d) Access to beneficial ownership information as such depends on access to information held by FIs and DNFBPs or alternatively information obtained through international cooperation. When information is sought from FIs and DNFBPs, the UIF can obtain information quickly, with the average response time being 3.6 days.

¹⁷ The availability of accurate and up-to-date basic and beneficial ownership information is also assessed by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. In some cases, the findings may differ due to differences in the FATF and Global Forum's respective methodologies, objectives and scope of the standards.

- e) Access to BO information on trusts and similar legal arrangements is limited by the suspension of the BO register but information may be obtained from FIs and DNFBPs, and access is most easily obtained directly from Italian fiduciary companies.
- f) Sanctions for some types of non-compliance related to basic information are applied in practice, but these amounts are low and not dissuasive. Breaches of obligations related to BO information are not applied, except by FI supervisors for breaches of BO-related CDD requirements.

Key Recommended Actions (KRAs)

Italy should:

- a) depending on the legal feasibility of reinstating the beneficial ownership register, either:
 - i. ensure that the beneficial ownership register provides competent authorities access to adequate, accurate and up-to-date information on all relevant legal entities and arrangements, or
 - ii. further ensure the alternative mechanism affords access to information concerning all relevant legal entities and arrangements, irrespective of whether they maintain any business relationship with Italian financial institutions, and that the competent authorities are able to obtain accurate and reliable information, including the beneficial interests held.
- b) ensure that effective and sufficiently dissuasive and prompt sanctions for non-compliance with obligations related to both basic and beneficial ownership information are applied.

Other Recommended Actions

Italy should:

- a) ensure that all competent authorities (other than the GdF and the UIF) have timely access to information on the residence of trustees (or equivalent) and assets held by legal arrangements.

Overall Conclusions on IO.5

Italy has an overall good understanding of the risks associated with the misuse of legal persons and arrangements, and several measures have been taken to mitigate their misuse. An important mitigating measure, the Beneficial Ownership register, is currently suspended for access, which entails an important setback for the authorities' ability to have timely access to beneficial ownership information in line with the FATF Recommendations. Italy instead relies on the Accounts and Deposits Database, which does not fulfil the requirements to be a specific alternative mechanism in

line with the Standards. While information in the business register on legal ownership appears useful, it does not contain information on voting rights or other types of control, and it also does not contain information in cases where the ownership chain has linkages abroad. However, information can be timely accessed from FIs, VASPs and DNFBPs that have an active relationship with the legal person or arrangement, but the identification of this possibility has some limitations (such as the lack of mandatory bank account, the non-ongoing nature of relationships with notaries and concerns with CDD and record keeping in VASPs and DNFBPs). Limited information has been provided on sanctioning of breaches of basic and beneficial ownership requirements (outside of sanctioning of FIs, VASPs and DNFBPs for lack of compliance with CDD and BO identification requirements, see IOs 3 and 4).

Italy is rated as having a moderate level of effectiveness for IO.5.

Immediate Outcome 5

5.1. Identifying, assessing and understanding ML/TF risks of legal persons and arrangements

329. Italian authorities have a well-developed understanding of risks associated with most domestic legal persons and legal arrangements, as well as foreign legal persons and arrangements with sufficient links to Italy (i.e. holding assets or generating income in Italy, settlor or beneficiaries being tax residents in Italy or the trust otherwise producing legal or tax effects in Italy). The risks of misuse of legal persons and arrangements has featured in several NRAs (lastly in 2024). The NRA process used a range of information sources, such as quantitative data and statistics, case studies, financial intelligence, studies by academics and feedback from the private sector.

330. The NRA concludes that the main risks in Italy are presented by companies with legal personality and foreign companies registered in territories at risk being present in Italy or in the ownership chain of Italian companies. Overall, the risks associated with legal persons is at a significant level, while the risks associated with national and foreign trusts is considered to be high. This is line with findings in the last NRA in Italy (2018). Italy has also conducted various studies to understand the risks associated with companies, which supplement the conclusions of the NRA. Some examples are the studies on the existence of possible 'figureheads' (informal nominees or "strawmen") which involved the use of criminal databases to understand how, why and where criminal infiltration of companies occurs. These studies contribute to a deeper understanding of the ML/TF risks associated with legal persons and legal arrangements to the authorities. Italy has also analysed legal persons subject to judicial seizure to understand the characteristics of criminally infiltrated firms. The NRA would benefit from further incorporating such findings in its analyses.

Box 5.1. Analysis of Criminally infiltrated firms

An experimental mapping of the firms potentially connected to organized crime

In 2020, the UIF conducted a preliminary mapping of firms potentially connected to organized crime circles. The identifying particulars of all the firms listed in the Company Register and of their respective corporate officers (some 14 million subjects) were cross-tabulated with internal data (STRs, information

exchanges with the DNA, requests for information from the judicial authorities), resulting in the identification of more than 150 000 active firms as of November 2020. The firms included in the mapping belong to one (or more) of the following subsets: 1) they were flagged in STRs that appear to relate to organized crime circles and that the Unit received between January 2016 and September 2020; 2) their directors and other corporate officers include persons mentioned in the STRs referred to in the preceding point); 3) their directors and other corporate officers include persons of interest on the basis of information exchanges with the DNA, persons investigated for mafia crimes who appear in business archives, or persons named in information requests from the judicial authorities regarding organized crime.

The firms included in the mapping exercise could not be deemed with certainty to be infiltrated or controlled by or linked to organized crime, which only be ascertained at the investigative and judicial level. However, the mapping surveyed a firm's potential 'proximity' to organized criminal circles, which may then be verified through follow up processes.

The largest portion of the firms surveyed in the mapping were in the South of Italy and Islands (41.9 per cent), but significant portions also operated in the North (36.2 per cent) and the Centre (21.9 per cent), corroborating the latest analytical and investigative findings.

The largest anomalous financial flows were found not only in the mafia organizations' home regions in the South and Islands, but also in the rich provinces of the North and Centre where economic activity is liveliest, specifically Rome, Milan and Naples.

The results of the mapping can assist the analysis of STRs and make possible analysis and research on the phenomenon of potentially infiltrated firms.

331. While the risk understanding is overall well-developed, it is not comprehensively covered in the NRA. For example, attention paid to the availability of beneficial ownership information is the outset for risk analysis, but the underlying basis is not explained in detail. Additionally, the NRA has gaps in terms of substantiating the understanding of risks from certain types of entities. For example, the NRA barely covers the risks posed by partnerships, due to the lack of legal separation of assets which these represent, compared to companies such as limited liability companies. While the underlying rationale and Italy's experience make this appear well founded and there is little to suggest that partnerships pose a specific risk in Italy, the reasons as presented in the NRA for omitting comprehensive evaluation of these risks are not robust.

332. Further, the NRA assumes that the risks associated with cooperatives are so low that they do not warrant analysis. This is based on an assessment of the mitigation measures. One measure referred to the requirement for representative associations or the Ministry of Enterprises and Made in Italy (MiMiT) to conduct oversight or controls every second year (biennially). Another is the possibility of extraordinary supervision. However, no information was presented about the extent to which such extraordinary supervision was performed in practice. There also appeared to be certain unexplained differences in supervision between different parts of Italy (with exemptions for Sardinia). Given case examples of misuse of cooperatives for purchasing real estate inconsistent with the cooperatives' purpose and economic capacity, the reduced attention to risks from cooperatives remains a concern.

5.2. Mitigating measures preventing misuse of legal persons and arrangements

333. Italy has implemented several measures during the evaluation period to mitigate the risks of Legal Persons and Legal Arrangements being used for ML/TF purposes. These measures are largely driven by the findings from the various risk assessments undertaken by the authorities.

334. As required by European legislation, Italy has established a beneficial ownership register, which is intended to facilitate access to beneficial ownership information on all legal persons in Italy as well as legal arrangements managed by trustees residing in or established in Italy. However, access to the register, even for competent authorities, and the obligation to provide information to the register, was suspended for a substantial part of the period under review due to an ongoing case. As part of the procedure, the supreme court for administrative measures in Italy (The Council of State) ordered the suspension of the register on 15 October 2024, and, as of the time of the on-site visit, Italy's challenge to the case was before the EU Court of Justice. The register's use to mitigate the risks of ML/TF associated with legal persons and legal arrangements could therefore not be demonstrated.

335. Italy places significant emphasis on notaries as gatekeepers for preventing the misuse of LPs and LAs. All Italian LPs and LAs are incorporated by notarial deeds, and while companies can transfer shares without the use of notaries, notaries are predominantly involved as intermediary in subsequent transfers of ownerships. Specific prioritisation of increasing the involvement of notaries, through updated guidance and increased training, is also relevant, given the central role notaries play in the establishment and life cycle of Italian companies.

336. Additionally, all trusts or legal arrangements in Italy with tax consequences must register with the tax authority to obtain a tax code. Such a code is necessary for most business activity, including buying property.

337. The UIF develops studies to identify companies most at risk for being infiltrated by criminals. These studies are published as "working papers" by the UIF and have been used in practice by competent authorities as well as reporting entities to better develop their understanding of risk.

338. The UIF's anomalies indicators include specific indicators on unusual tax behaviour, where the abuse of corporate vehicles is covered. The UIF has also specifically considered the risks associated with trusts and legal arrangements in its indicators. Such indicators have been provided to FIs, VASPs and DNFBPs since 2013, but they were broadened and enriched in 2023, as part of the new, general anomaly indicators issued by the UIF (see Para, 306, IO6)

339. Nominee directors and bearer shares proper do not feature in the Italian legal system (the "bearer shares" and bearer share warrants are dematerialised and can only be traded through a central securities depository through regulated intermediaries), while nominee shareholders are regulated as fiduciary companies (See IO4). Nominal owners must be identified to the same extent as legal owners, including information on name, date of birth and nationality. Where a nominal owner is a legal entity, the natural person behind the nominal owner must be possible to identify. The status of a nominal owner is available in the business register. While these situations do not qualify as nominee shareholding or directorship arrangements, there are general rules on representation which allows for the representation of shareholders and exercising their voting right in shareholders' meetings based on a power of attorney. In such cases, the company must keep a copy of the power of attorney, which contributes to transparency of the representation. Despite this, informal nominees and 'strawmen' continue to be a concern and the UIF has conducted work to assess the characteristics of legal persons and arrangements where informal nominees may exist.

5.3. Legal persons: Timely access to adequate, accurate and current basic and beneficial ownership information

340. Relevant competent authorities generally have access to basic information on all legal persons that are present in Italy. However, access to BO information is more limited, particularly in light of the suspension of the BO register.

341. Basic information about companies is readily available in the Italian business register. Information about other types of legal persons, such as public bodies, associations and other types of organisations, are available in the Economic and Administrative Index (*Repertorio delle notizie Economiche e Amministrative* - REA). This information is generally adequate, up-to-date and accurate with specific attention on issues concerning “figureheads”/informal nominees. All authorities met onsite highlighted the value and use of the business register, with some authorities, such as the GdF, having direct integration of data into their own data systems.

342. As for beneficial ownership information, Italy has in place a multi-pronged approach to access BO information, leveraging a combination of access information at the companies themselves, obtaining information from FIs, VASPs and DNFBPs and accessing the BO register. The provision of BO information as well as access to it was suspended at the time of the on-site. This source for accessing beneficial ownership information is therefore currently unavailable to competent authorities.

343. Italy can also access information from FIs, VASPs and DNFBPs. As noted in the TC Annex on c.24.6, the GdF, UIF and DIA can access information on the name of the beneficial owner in cases of customer relationships with FIs from the Accounts and Deposits Database, which is updated monthly. This, however, does not constitute a sufficient alternative mechanism.

344. Access to BO information from FIs, VASPs and DNFBPs is relatively prompt and the authorities, especially the GdF and the UIF, are able to access with current, adequate and accurate beneficial ownership information from FIs in a timely manner. The Accounts and Deposits Database, and similar information provided to the OAM from VASPs, enables identification of FIs and VASPs from whom the information is to be obtained. The business register contains information on the notary or accountant involved in relevant company transactions, which could enable immediate identification of the DNFBP to obtain relevant information. The effective access to updated and accurate BO information is diluted by the weaknesses that have been identified in BO identification amongst FIs, VASPs and DNFBPs (see IO3 and IO4), and the periodicity of ongoing CDD and verification of BO information (see Section 3.4.1 on FIs and VASPs and Section 4.4.1 on DNFBPs). For notaries and accountants, the non-ongoing nature of their interaction with companies also impacts how up to date the information can be, in particular if there have been changes higher up in the ownership structure. The overall average response time for authorities’ requests to BO information across FIs, VASPs and DNFBPs was 3.6 days in 2024, which is considered timely. Banks, which are most significant sources of BO information as companies require bank accounts to conduct financial transactions, have quicker response times, with an average of 2.3 days in 2024. This avenue for obtaining information is limited to LPs which have customer relationships with Italian FIs, VASPs or DNFBPs.

345. There does not appear to be any use in practice of the possibility of obtaining BO information directly from legal persons themselves.

346. Authorities met on-site instead highlighted the usefulness of the business register for identifying beneficial owners, but did not provide information on how they access information on legal persons where legal ownership may not correspond with beneficial ownership. All non-listed companies with shares must file information on shareholders with the business register. Changes in shareholding must be filed within 30 days of the transfer. The authorities met on-site also demonstrated how various

data visualisation tools make it possible to see linkages between companies. Provided that the chain of ownership is wholly Italian, this enables, in principle the identification of beneficial owners in a timely manner. The access to BO information through the business register does, however, have some limitations. While company structures in Italy with foreign ownership linkages appear relatively limited (about 2% of companies have shareholdings from abroad), information on such LPs is not possible through the business register. Further, and more importantly, is that the business register does not contain information on the voting rights associated with the shares, although it does contain information (through the company financial statements and statutes) on whether a specific company has decided to allocate the voting rights in a different manner. This limits the ability to immediately understand the control structure of the companies. The business register does not contain information on other types of control, although basic information about the management and right to represent companies may be useful (and sufficient) in many cases in practice.

5.4. Legal arrangements: Timely access to adequate, accurate and current basic and beneficial ownership information¹⁸

347. The tools available for competent authorities to obtain information on trusts and other legal arrangements vary somewhat depending on the type of legal arrangement.

348. Italian law provides for the establishment of two types of legal arrangements similar to trusts, the fiduciary mandate and the *vincolo di destinazione*. See the TC annex on R.25 for a further description. Additionally, Italy as a party to the Hague Convention on the law of the trusts, recognises trusts established under foreign law.

349. All legal arrangements, including foreign legal arrangements having tax consequences in Italy, need to be registered by the tax authority, which entails access to basic information about the legal arrangement. Since fiduciary mandates can only be managed by fiduciary companies, which are obliged entities under the AML law, information can be obtained in a timely fashion. The same applies for trustees of trusts or other similar legal arrangements created under foreign law, as they will also be obliged entities. The actual obtaining of such information in practice has not been demonstrated specifically for such information from these entities, but the authorities generally have broad powers to quickly obtain information when needed.

5.5. Effectiveness, proportionality and dissuasiveness of sanctions

350. While there are possibilities of sanctioning non-compliance with the requirements pertaining to registering basic and beneficial ownership information (see the TC Annex on R.24), limited information was provided to substantiate how such breaches of the requirements are sanctioned in practice. Sanctioning is handled by the Chambers of Commerce, based on detection and description of violations by other authorities, especially by GdF. The sanctioning procedure takes a few weeks, and the size of the fines are laid down in the law. As found in the TC Annex, the sanctions for breaches of basic information are not dissuasive and proportionate. However, breaches of the obligations of FIs, VASPs and DNFBPs, including for identifying BOs, are identified and sanctioned in practice, as provided for in IO.3 and IO.4.

¹⁸ See the Methodology for Recommendation 25 regarding beneficial ownership information for legal arrangements.

6 Financial intelligence

The relevant Immediate Outcomes considered and assessed in this chapter is IO.6. The Recommendations relevant for the assessment of effectiveness under this chapter are R.29-32 and elements of R.1, 2, 4, 8, 9, 15, 34, and 40.

Key Findings, Recommended Actions, Conclusion and Rating

Key Findings

- a) The UIF, GdF and DIA have timely access to a broad range of reports, data and other information to perform their functions, and are supported by sophisticated analytical tools to facilitate this. Existing cooperation mechanisms (SAFE and the 2023 MoU) provide the UIF with early investigative contextual information as, in line with its administrative nature, it has indirect access to law-enforcement databases. However, the timeliness of such mechanisms could be further enhanced.
- b) The RADAR platform enables the structured submission of STRs through sector-specific templates, which enhances data consistency and analytical value across reporting sectors. While banks and payment institutions account for a large share of STRs, the use of tailored reporting forms also allows other sectors – such as gaming operators, EMLs and VASPs - to provide information that is operationally useful for financial intelligence. Some DNFBPs categories remain underrepresented due to sector-specific compliance factors, which the UIF mitigates through RADAR registration support and targeted outreach.
- c) The UIF produces financial intelligence, including strategic analysis, that support the needs of competent authorities. DIA and NSPV also develop their own analysis that support their respective operational needs.
- d) The UIF, NSPV, other LEAs and judicial authorities also cooperate effectively with each other and protect the confidentiality of the information they exchange or use securely.
- e) Italian authorities, especially GdF and DIA make extensive use financial intelligence to develop evidence, identify assets and trace criminal proceeds, although most STRs are linked to pre-existing criminal proceedings. UIF receive limited systematic feedback from judicial authorities.

Recommended Actions

Italy should:

- a) enhance UIF's early-stage analytical processes, including through the fast implementation of the IT solutions already under development to refine SAFE/DNA cross-matching and integrate contextual indicators, so as to reinforce the timeliness and added value of STR prioritisation.
- b) improve its feedback mechanism by implementing a systematic manner through which judicial authorities provide UIF with feedback on the final outcomes of the extent to which financial intelligence is used in ML/TF investigations and prosecutions.
- c) consistently monitor the operational effectiveness of newly established cooperation mechanisms amongst LEAs and move swiftly to complete and expand the implementation of Operational Technical Tables, to strengthen joint operational and strategic financial analyses to better identify priority risks and phenomena to follow up on.

Overall Conclusions on IO.6

Italy's institutional and operational framework for the production and use of financial intelligence demonstrates strong and sustained results, particularly in relation to its highest ML/TF risks. Sector-specific templates and systematic feedback to reporting entities contribute to good quality STRs from FIs and DNFBPs. The UIF plays a central and effective role to the receipt, analysis and dissemination of financial intelligence, while the GdF's NSPV and DIA further develop this intelligence for investigative and preventive purposes, consistent with their distinct mandates.

Financial intelligence benefits from access to a wide range of government and administrative registers, and cooperation mechanisms such as SAFE, and the 2023 MoU with GdF, DIA and DNA provide the UIF with early investigative contextual information that supports the prioritisation of STRs. While the UIF does not have direct access to law-enforcement databases, in line with its administrative mandate, ongoing technical initiatives to enhance SAFE/DNA cross-matching could further strengthen the timeliness and contextual depth of early-stage analysis.

UIF and NSPV have adequate resources and strong expertise to perform their core functions, and formal cooperation arrangements facilitate regular information exchange, including through the Operational Technical Tables. Strategic financial intelligence products produced by the UIF and NSPV are aligned with Italy's risk profile and supports both investigative and preventive actions across competent authorities.

STRs and financial intelligence contribute to Italy's ML/TF operational outcomes, including the initiation of high-profile ML and TF investigations, the disruption of complex laundering schemes, and identification, tracing and seizure of criminal proceed. This includes substantial asset-tracing results by the GdF and the extensive use of STR-based intelligence in DIA's preventive confiscation measures under the Anti-Mafia Code. However, the absence of standardised, outcome-based feedback mechanism from judicial authorities limits the UIF's ability to refine its risk models and fully assess the downstream impact of its analytical work.

Italy is rated as having a Substantial level of effectiveness for IO.6.

Immediate Outcome 6

6.1. Timely access to relevant, accurate and up-to-date information

6.1.1. By the FIU

351. The UIF, established at the Bank of Italy (BoI), is an autonomous and operationally independent administrative financial intelligence unit. The UIF Director manages, directs and controls the activities of UIF by defining its strategic guidelines and planning. As the competent authority responsible for receiving STRs and other mandatory reports, UIF has to access to a broad range of domestic financial and administrative information and produces high-quality financial intelligence. Its mandate is distinct from that of law enforcement authorities, in light of Italy's legal and constitutional framework which separates administrative financial analysis from investigative functions.

352. Aside from STRs, the UIF receives threshold-based cash transaction reports (OGG), gold transactions (ORO) and aggregated monthly AML reports from financial institutions (SARA). It also accesses extra-EU and intra-EU cash transportation declarations and other customs information, including on suspicious sub-threshold movements (see c.32.6), and has accesses to several government registers and commercial databases that enable integrated, cross-validated risk analysis (see Table 6.1). Information exchange with foreign FIUs (see IO.2) through FIU.NET (and its Ma3tch functionality) and ESW further enhances cross-border detection capabilities. UIF's RADAR platform integrates these data sources and provide analysts with automated risk scoring and cross-matching tools.

Table 6.1. Overview of UIF Databases

Database	Information provided	Type of Analysis used for
Direct access		
Accounts and Deposits Database	Accounts held by natural and legal persons.	Operational
Tax registry	Tax returns, real estate transactions and other information, such as successions, capital share transfers, transfers of claims.	Operational
Land registry	Properties listed in the cadastral databank.	Operational
Financial instruments database	Financial instruments issued by national companies (type, amount, data) and on all the financial instruments present in Italy by any kind of holder in national intermediaries (amount, market value, category of holder, nationality of holder).	Operational
Commercial registers	Information in company registries, on company equity investments, management positions and accounting data.	Operational Strategic
Central credit register (BoI)	Records on loans granted to customers, the amount, the guarantees provided by or received from customers and the amount of capital and rates returned.	Operational Strategic
Customs Information System (CIS)	Declarations on cross-border transportation of values of an amount of €10 000 or more.	Operational Strategic
Public administrators database	Whether subjects exercise public functions in Italy.	Operational Strategic
National State Aid Register	Public financing received by Italian companies.	Operational Strategic
National Institute of Statistics (ISTAT)	Data on underground economy (provincial and municipality level).	Strategic
Indirect access		
TARGET2	Wire transfers inside the Euro area.	Operational
European financial instruments database	Financial instruments held in European intermediaries.	Operational
Open Access Database of Public Contracts (BDNCP)	Provided by Italy's Central Anti-Corruption Authority	Operational Strategic

Database	Information provided	Type of Analysis used for
Agency for the Administration and Destination of Seized and Confiscated Assets (ANBSC)	Businesses seized or confiscated by judicial bodies.	Strategic
National Institute of Social Security (INPS).	Employment and payroll data.	Strategic
Public Administration Database (BDAP)	Harmonized final certificates at municipality level, provided by the State General Accounting Office.	Strategic
BoI Prudential Supervision Department	Prudential supervision data mandatorily filed by financial intermediaries.	Strategic
Italian Revenue Agency	Disposable taxable income (municipal level).	Strategic
National Institute of Statistics (ISTAT)	Import-Export data of Italian firms (provincial level).	Strategic
Foreign databases	COMTRADE - aggregated data on international trade by UNCTAD; WDI - WB database on Development Indicators; Tariffs data by WITS; UN Foreign Direct Investment database;	Strategic

353. Italy's legal framework does not permit administrative authorities, including the UIF, to directly access investigative law-enforcement databases (e.g., SIDNA, SDI). This separation reflects the institutional and constitutional design of Italy's AML/CFT system. In practice, Italy has implemented mechanisms that allow the UIF to obtain relevant law-enforcement information at an early stage. Under the SAFE system and the 2023 UIF-GdF-DIA-DNA MoU, anonymised personal data from STRs are automatically cross-matched every 15 days with DNA judicial databases, while GdF and DIA provide "interest flags" on STRs linked to ongoing investigations on average within two weeks. These mechanisms mitigate the limitations of indirect access and enable effective risk-based prioritisation of STR. The authorities recognise that further improvements in the timeliness of interest-flag transmissions would strengthen the UIF's ability to prioritise STRs, and work is underway to accelerate this process.

354. Operationally, the UIF processes STRs through multiple analytical layers including (*Lettura Assistita Segnalazioni per l'Elaborazione del Rischio* (LASER) which is its enhanced risk-indicator and data-enrichment system, *Classificatore automatico* (automatic classificatory - CLAUT) which is its automated classification tool, Social Network Analysis (SNA) and Identity Resolution System (IDRES)). According to UIF's 2024 Annual Report, 51.3% of high and medium-high-risk STRs were disseminated to the GdF and the DIA within 7 days, and 92.4% of all STRs within 30 days, which is timely. NSPV also conducts its own aggregation analysis of STRs cycle. While the UIF does not carry out investigative assessments of predicate offences (which is consistent with its administrative mandate), the SAFE system provides early contextual indicators, such as the type of criminality and the existence of judicial proceedings. Further technical initiatives with DNA aim to strengthen the speed and depth of SAFE cross-matching.

355. Most STRs were submitted by banks, e-money and payment institutions, notaries, and gaming service providers, while reports from other DNFBPs remain limited. The total number of STRs reported annually over the evaluation period has been generally constant, particularly since the post-Covid period. STRs and all other reports are received and managed by UIF through its secure RADAR platform. Registration also helps ensure the consistent identification of reporting entities, which support the quality of information received by the UIF. Some smaller DNFBPs may occasionally find the registration process unfamiliar (see IO.4). UIF provides prompt assistance during registration, including through a dedicated email service, which helps ensure that registration does not materially delay STR submissions.

356. When submitting STRs, FIs and DNFBPs provide details on persons, operations, transactions and financial relationships (e.g. bank accounts, credit cards), describe the ground for suspicion and indicate the estimated level of risk and criminal typologies. Through RADAR, each new STR is matched with information within the system. These processes generate automated risk score ratings scaled from

1 (no or low risk) to 5 (high risk). In addition, RADAR extracts a large set of automated indicators, such as the presence of PEPs, individuals subject to criminal investigations or specific criminal typologies, which further supports the prioritisation and analysis of reports.

357. Enhancing the quality of STRs is a strategic objective under UIF's Strategic Plan 2023-25. This has been done through cooperation with FIs and DNFBPs through the launch of a monitoring system (Quasar) that uses quality measurement indicators. UIF also monitors the timelines of STRs, noting that more than half of the STRs were reported within a month of the most recent reported transaction. Quarterly feedback provided to FIs and DNFBPs on low-quality or low-risk STRs has contributed to improvements in the accuracy and effectiveness of reporting.

358. As an example, over the evaluation period, UIF identified a significant increase in reports arising out of automatic suspicious transaction detection tools used by banks that were not always accompanied by an increase in their quality. Through focussed meetings and intervention letters, this led to less STRs and an improvement in their quality. UIF also developed sector-specific reporting templates for certain sectors that submitted large volume of STRs i.e. MVTS, payment card operators, the gaming sector and VASPs, based on discussions with these entities.

359. Over the evaluation period, UIF received 771 671 STRs, of which 769 359 were related to ML, 2218 to TF and 94 to PF. In terms of predicate offences, most STRs related to tax crime (18%) and organised crime (17%). There was a sharp increase in STRs related to cybercrime as a predicate offence (from 3% in 2020-21, to 12% in 2024) and corruption as a predicate offence (from 4% to 7.4% over the same period). The reporting is generally in line with ML risks identified in the NRA, although reporting for drug trafficking (1.5%) and human trafficking/migrant smuggling (less than 1%) is low.

6.1.2. By other competent authorities

360. Alongside the UIF, GdF's NSPV and DIA structurally analyse STRs to produce financial intelligence through their own respective platforms. UIF disseminates STRs (with risk rating of medium to high risk) and first or second level analytical reports to the NSPV, DIA and DNA, via its confidential and secure communication portal called 'SAFE'. NSPV and DIA independently use these to develop financial intelligence tailored to their operational needs. NSPV also has the additional responsibility to disseminate STRs and analytical reports to the Carabinieri and the State Police (SP) when they appear relevant to their investigations based on keyword searches conducted in the *Sistema Informativo Valutario* ('SIVA') database or following a request from the Carabinieri or SP. NSPV thus serves as the primary operational hub for distributing STR-based intelligence to Carabinieri and SP, ensuring that relevant STRs are channelled to these LEAs when linked to their investigations. Ongoing technical work with the DNA aims to refine the SAFE/DNA cross-matching workflow to accelerate feedback cycles and improve analytical depth.

361. Information NSPV receives from the UIF is integrated in the SIVA system to structure information contained in the STRs and categorise them based on ML/TF risk. The Analysis Office in the NSPV routinely enhances the STRs and UIF technical reports, using information in GdF's broad database (Dorsale Informatica) which also contains law enforcement information that allows the GdF to link the STRs to on-going investigations and subjects of interest (see IO.7). It is also linked to the GdF's highly sophisticated in-house financial analysis IT tool (Molecola). In addition, the GdF obtains information in cooperation with its foreign counterparts, through international cooperation networks like INTERPOL and EUROPOL (see IO.2) as well as through the UIF, for recourse to its foreign network. Overall, the GdF has access to a broader range of information. Benefiting from UIF's risk rating, classification, analysis and other output, the GdF is able to produce high-quality financial intelligence to support its investigations.

362. DIA uses its system, the *Elaborazioni Investigative Operazioni Sospette* ('ELIOS') to analyse and examine STRs received from UIF. This works similarly to SIVA to match the personal data of the reported entities to evidence in DIA's main databases (see IO.7). In view of the fact that the DIA is a multi-agency body which includes GdF personnel, the databases to which the DIA has access to, is the same as GdF's (except for Molecola). These are then used to produce investigative evidence or linked to the analysis of the dynamics and trends characterising mafia-type organised crime groups. Information contained in the STRs support DIA investigations into the sources of income, standard of living, financial resources, and assets of individuals linked to organised crime.

6.2. Production and dissemination of financial intelligence

6.2.1. Production of financial intelligence

363. The UIF produces financial intelligence to support the operational needs of competent authorities to a large extent, which has contributed directly to several major investigations, including organised-crime infiltration schemes, subsidy-fraud networks (such as NRRP-related cases), and complex crypto-laundering activities. DIA incorporated 1,565 STRs into organized-crime investigations during 2020-2023, demonstrating the operational relevance of UIF's work. In accordance with its 2023-2025 staffing plan, the UIF's staff has grown from 153 in 2020 to 191, strengthening its analytical capability.

364. Each STR is assigned an automatic risk indicator, and for nearly all STRs, a phenomenon classification, associated with the underlying illegal activity. These indicators are constantly updated to reflect current and emerging ML/TF risks and include the presence of PEPs, association to organised crime, subjects under investigations, indication of cash operations, involvement of public funds and the use of virtual currencies, gaming or money transfer services. TF-related STRs are prioritised to allow expedited review and dissemination. Both the NRA findings as well as UIF's own strategic analyses feed into the identification of current and emerging risks.

365. The UIF mitigates limited reporting from DNFBPs by relying on complementary datasets such as SARA, ORO, OGG, public procurement data, tax files and company registers. As a result, even sectors with very low STR volumes such as lawyers, accountants, real-estate agents or DPMS—are still captured within the UIF's strategic analysis, allowing emerging risks and anomalous patterns to be detected through aggregate and cross-sector data. The RADAR platform enhances the analytical value of STRs regardless of sectoral volume and structured data modules and sector-specific reporting templates (used for MVTs, payment card operators, gaming, VASPs, etc.) allow reporting entities to submit detailed transactional datasets in standardised formats. These structured datasets enable the UIF to perform granular behavioural analysis, typology identification, and large-scale network mapping.

366. UIF analysts conduct a first level analysis on every STR to verify the automated risk rating to integrate further information into the STR, to classify STRs according to underlying financial illicit phenomena and to decide if the STR needs further UIF in-depth analyses. To facilitate this, UIF may seek from the reporting entities, further detail on the STRs submitted. Over the evaluation period, approximately 11% of the requests for information sent to reporting entities occurred when the STR was under first level analysis and the remaining, when it was under second level analysis. Data regarding subjects included in STRs are then sent to NSPV, DIA and DNA for their cross matching with law enforcement information.

367. For in-depth analysis for STRs with a higher risk level, a second-level financial analysis is performed through the use of more sophisticated tools, such as the examination of operational

networks, blockchain forensics software for crypto assets etc. UIF disseminates a report to NSPV, DIA and DNA, usually within 15 days, although it can take up to three months for more complex analysis.

Box 6.1. UIF's STRs Analysis to produce Financial Intelligence

Laundering of illicit funds derived from tax evasion and the sale of non-existent tax credits (2022)

UIF received STRs regarding anomalous transfers of tax credits in 2022. The operations were carried out by a newly established consulting firm traceable to a lawyer and a company offering professional training, who were under investigation and previously reported to the UIF for tax fraud and fake invoicing. The UIF performed extended financial analysis, requesting information from the REs involved and from foreign FIUs. The UIF detected a network of 16 companies directly related to the same subject, some established abroad, that were used for laundering the proceeds of many offences (tax offenses, corporate crimes, offences related to organized crime) through a fraudulent-invoicing scheme. The beneficial owner of the foreign companies was an Italian individual present in the DNA's records who appeared to be the mastermind of the whole operation. The tax credits turned out to be non-existent.

The case led to a criminal proceeding against 37 people and 11 companies for tax evasion and the sale of non-existent tax credits. Preventive measures were issued, among which a seizure order worth more than € 12 million. The alleged mastermind of the operation was also sentenced to a prison term.

368. 'Special sectors' are identified based on the basis of the operational features of certain reporting entities such as virtual asset transactions, money transfer services, payment cards operators and gaming services. These sectors characterised by high transaction volumes, fragmented flows and numerous parties involved, which require specialised analytical approaches. For these sectors, UIF periodically performs aggregate analysis based on risk indicators by collecting or grouping linked STRs to identify potential networks. Such aggregate analysis may lead to further in-depth financial analysis, using criteria such as transaction amount, number of victims and STRs involved, investigative information and social network analysis. All the in-depth analysis conducted for these sectors are disseminated to the relevant LEAs.

369. TF-related STRs are treated as priority and analysis is conducted by a specialised division so that they are ready for dissemination within a few days after the first level analysis. TF-related STRs that are selected to undergo the second level of STR analysis are analysed by adopting the usual techniques used for in-depth analysis for ML STRs, with particular reference to social network analysis on financial channels most exposed to TF abuse, as well as the identification of operational patterns of activity most likely to be used for TF in the region. As a reflection of strong domestic coordination, UIF performs these TF-related STRs disseminations to GdF and DIA every week the evening before the weekly CASA meetings, accompanied by a summary of the contents of most significant STRs and UIF's financial reports from the second level analysis. (see IO.9).

Table 6.2. Number of STRs and type of analysis conducted by UIF

	2020	2021	2022	2023	2024	until May 25
1 st Level Analysis	113 643	138 482	153 412	151 678	143 850	68 751
Aggregate Analysis	26 314	45 761	45 754	47 306	40 415	22 263
2 nd Level In-Depth Analysis	6 584	7 110	8 073	7 117	5 487	2 085 ¹⁹

370. The UIF undertakes strategic analysis projects based on identified threats, vulnerabilities or methodologies for computing risk indicators associated with those threats. Strategic analysis topics are selected through a structured dual process that combines a top-down approach aligned with NRA and national priorities, and a bottom-up approach based on anomaly detection from large datasets (including SARA, OGG, ORO and network indicators). The UIF draws on these datasets (see IO.1), external sources and several methodological tools, including descriptive statistical analysis, econometric modelling and machine-learning techniques. Over the evaluation period, a number of strategic products were produced on a regular (on a yearly or half-yearly) basis and disseminated through publication, proactively to LEAs, or in response to requests from LEAs and judicial authorities. These products have had operational implications for UIF's own analysis and for LEAs' investigations and have contributed to the development of risk indicators used by other actors in the AML system, such as supervisors or reporting entities. The strategic analysis products are closely aligned with the risk picture set out in the NRA and address high-risk ML areas such as cash-intensive activities, corporate opacity, organised-crime infiltration, subsidy-fraud schemes and crypto-related ML (see Table 6.3). Their quality, regular production and operational relevance enhance the overall value of financial intelligence available to competent authorities. Nevertheless, the Operational Technical Tables (OTT) established with the GdF in 2024 (see below) may result in a more systematic and collaborative approach to risk identification and prioritisation in the production of strategic analysis.

Table 6.3. Strategic Analysis Products Produced 2020 – May 2025 (by output)

ML/TF risks	Strategic Analysis Products	Output
Cash/Underground economy	Ongoing - monitoring of anomalous cash use in Italian province	Provincial heat maps in UIF's annual report
	2022 - Study of causal relationship between cash and shadow economy	Publication
	2024 - Study of causal relationship between cash and shadow economy at provincial/sectoral level	Publication
	2024 - Study of causal relationship between cash in the proximity of local elections	Publication Risk indicators at the municipal level
Foreign transfers	Ongoing - monitoring of anomalies in Italy's international transfers for detecting structural break	Internal report Leads to LEAs
	Ongoing - monitoring of anomalies in Italy's international transfers	Anomaly detection Leads to LEAs
	2024 - Study on possible alternative approaches to compile risky country list	Internal report Application to operational analysis
Corporate vehicles	2020 – definition of an indicator of opacity of Italian firms	Application to operational analysis
Criminal activities	Underway – study on the estimate of the value of ML and other illicit financial conducts	Publication Geographical risk indicators

¹⁹ The number of STRs under the second level analysis for the 2025 figures reflects also the fact that on aggregate analysis has yet been performed on 2025 STRs, so the second level analysis triggered by it are still absent.

ML/TF risks	Strategic Analysis Products	Output
Criminal infiltration of the economy	2020 – experimental mapping of firms potentially connected to organized crime	Threat analysis Application by LEAs for operational purposes
	2022 – study on the financial profiles of firms infiltrated by organized crime	Publication
	2024 – study on the rationales of criminal organisations for infiltrating legal firms	Publication
	2024 – a machine learning approach for the detection of firms linked to organized crime in Italy, based on balance sheet data	Risk indicators Cooperation with LEAs
Corruption	2024 – Definition of indicators of corruption risk in public tenders	Publication Risk indicators Co-operation with ANAC
	2024 – study on anomalous use of cash in the proximity of local elections	Publication Risk indicators
Tax fraud	2020 – definition of an indicator for detecting shell companies	Publication Application to operational analysis
	Underway – study on characteristics of buffer companies using financial statement indicators	Publication Application to operational analysis
Banking and financial intermediaries	Underway – definition of a statistical approach to measure bank's compliance with STR obligations	Application by BOI's competent department to oversight activity
Non-banking financial intermediaries	Underway – definition of a statistical approach to measure intermediaries' ML risk	Application to oversight activity
Gold sector	Periodical – anomaly detection exercise in gold transactions	Anomaly detection Leads to LEAs
NPOs	2024 – monitoring of international financial flows in SARA data	Anomaly detection Leads to LEAs

371. NSPV also develops the information contained in STRs and UIF analyses. NSPV has 74 personnel for this, including a dedicated unit of 11 personnel for TF-related STRs. Like UIF, NSPV conducts a risk classification on STRs received from UIF (that have undergone first level or additional levels of analysis) to prioritise them for operational purposes. Although starting from the UIF's risk classification NSPV applies its own risk indicators, which include the indication of a crime, judicial interest, and the results of aggregated analysis (below).

372. NSPV also conducts its own aggregation analysis of STRs by phenomenon, which has contributed to investigation information from apparently unconnected STRs. This has been useful, for example for investigations that showed a link between loan sharking activities to tax evasion offences and to connect seemingly unconnected hawala operators to a larger criminal organisation. NSPV also produces strategic analysis products for use in its investigations. Over the evaluation period, most of these involved international and domestic tax crime and fraud, which are high risk predicate offences for ML in Italy, although there were also products relates as well as others related to corruption in the case of abuse of public funding, specific organised criminal groups as well as underground banking systems amongst others

373. DIA, through the ELIOS system, also conducts its own analyses to aggregate STRs by typology, particularly those linked to organised crime. DIA conducts strategic analysis of STRs with a focus on identifying areas at risk of ML and combating mafia infiltration in procurements and the potential involvement, even indirectly, of individuals with mafia-related criminal records in corporate entities.

374. In 2023, the DNA, the UIF, the GdF and the Department of Public Security signed an MOU on exchange of information related to STRs aimed at streamlining operational procedures using the SAFE platform. The MoU allows the simultaneous sharing, also with the DIA and the NSPV, of the results of

matching procedures of individuals appearing in DNA's databases and registers, along with additional information provided by the UIF.

375. The STR risk classifications and analyses conducted by the UIF, NSPV and DIA reflects their distinct mandates and analytical needs. UIF performs financial analysis based on FIU-only datasets, producing anomaly-based risk scores (one to five) and phenomenon classifications that highlight suspicious financial behaviour. NSPV, conducts financial analysis using law-enforcement databases (LEA-only data) to assess investigative relevance, identify links to ongoing cases and develop evidential leads. DIA applies a similar investigative approach within the organised-crime sphere. As a result, analytical processes sometimes run in parallel, reflecting different purposes rather than duplication. Coordination between UIF and NSPV is further enhanced through the OTTs to align analytical sequencing and promote efficient use of analytical resources.

6.2.2. Dissemination of financial intelligence

376. UIF spontaneously transmits STRs and the results of its operational and financial analyses to NSPV and DIA through the SAFE portal. STRs with low-risk ratings do not undergo the second level of analysis and are disseminated separately and remain available to NSPV and DIA should they appear necessary in the future. Higher risk-rated STRs (and related analysis) are disseminated to LEAs on a weekly basis. STRs of particular prioritisation or urgency are highlighted with specific messages and have been disseminated within a shorter timeframe. TF-related STRs are processed by a specialised unit and disseminated to NSPV and DIA on a weekly basis, specifically on the day before CASA meeting, thereby ensuring their immediate operational uses.

Table 6.4. Spontaneous Dissemination of STRs by UIF to NSPV, DIA

	2020	2021	2022	2023	2024	until May 25
STRs received by REs	113 187	139 524	155 426	150 418	145 401	67 715
STRs disseminated to LEAs	113 643	138 482	153 412	151 578	143 850	68 751

377. UIF also disseminates both the STRs and its financial analysis to judicial authorities upon request, to assist their investigations. Most requests have related to investigations into organised crime, ML, fraud, corruption and breaches of immigration regulations. Judicial authorities also seek information for international cooperation (see IO.2) which have mostly involved investigations into online fraud, crypto-asset investments, tax crime, mafia crime, unlawful financial activities, corruption and other crimes against public administrations, terrorism, and criminal association linked to international drug and human trafficking. The UIF also supports the EPPO by providing targeted financial intelligence upon request, which has contributed to the EPPO's investigations.

Table 6.5. Dissemination of STRs by UIF to Judicial Authorities on Request

	2020	2021	2022	2023	2024	until May 25
Requests for information (RFIs) from judicial authorities	558	518	313	411	373	176
Responses by UIF (including all subsequent communication)	1 188	1 463	1 059	777	741	127
Nos. of STRs forwarded	2 927	3 420	2 854	2 756	2 975	1 230

378. A major challenge for Italian authorities is the limited feedback provided by judicial authorities to UIF. While UIF receives, analyses STRs and disseminates financial intelligence, there is an expectation that the feedback loop is completed. In Italy, this cycle operates only partially. Operational feedback from the GdF and DIA exists, but systematic feedback from prosecutors on investigative outcomes is

still missing (see core issue 6.4). Without such a mechanism, the UIF faces difficulty in updating its risk models and assessing the actual impact of its analytical work.

6.2.3. FIU financial intelligence supporting needs of competent authorities

379. LEAs provide feedback on the interest of the STRs transmitted by UIF. NSPV provides prompt feedback to UIF on the initial interest and assignment by the GdF, while for LEAs, the median time is about 80 days. This feedback is an indication of the extent to which financial intelligence from UIF supports the needs of competent authorities and also contributes to UIF in their providing FIs and DNFBPs with a qualitative assessment of their STRs. UIF also collects feedback from NSPV, DIA and DNA on the usefulness of STRs and related financial analysis disseminated by the UIF. Feedback from DNA may include information on any links to on-going investigations which could assist with decisions on the treatment to be given to further the STRs on the same subjects. Positive feedback from GdF and DIA indicates that the dissemination led to “further investigations” or the initiation of a criminal or administrative proceeding, while negative feedback indicates that for the time being, the dissemination was considered not relevant for further investigative analysis. On average, 80% of medium-high to high risk STRs disseminated to GdF, DIA and DNA received positive feedback and were used in asset recovery investigations for mafia-type criminal activity in investigations into ML and TF, as well as in those relating to associated predicate offences.

380. Judicial authorities (usually the PP) also seek STR information and financial analysis through the SAFE platform for their on-going investigations. UIF has thirteen dedicated officers in charge of responding to these requests. There have been cases where the PP has sought direct cooperation with UIF to deepen the analysis such as where the financial analysis supports the suspicion that several diverse fraudulent flows are in fact linked to one or a group of connected offenders. Although UIF has provided several case studies of successful cooperation between UIF and judicial authorities (see examples below), structured outcome-based feedback from judicial authorities on how disseminated STRs and financial analysis contribute to investigations, prosecutions or asset recovery remains limited. This reflects a system-level constraint rather than any deficiency in UIF’s dissemination practices and affects the UIF’s ability to fully assess the impact of its analytical work (see Core Issue 6.4).

Box 6.2. UIF’s STRs Analysis to support Judicial Investigations

Corruption involving PEPs (2020)

In-depth analysis on several STRs carried out by the UIF revealed a complex system of financial flows through corporate bank accounts led to an important lawyer, Mr. GG. The corporations were funded almost exclusively through payments of invoices by companies that operated mainly with the Italian public administration (public procurement and waste management) and further analysis linked funds to administrative Magistrates.

Fund transfers through these companies were made to foreign bank accounts, fake insurance policies and fake gold purchases which were used to hide the origins of money paid for flights and holidays of the Magistrates and their families. On the request of the judicial authority, financial investigations were conducted in collaboration with UIF and UIF analysis was sent to the PPO and the GdF. Aside from STRs, UIF also obtained account information from its databases, tax declaration from the tax registry and gold declaration. UIF’s activity focussed in analysing the financial flows of individuals involved in the illegal scheme and liaised with foreign FIUs in close operational co-operation with the bodies responsible for the investigations. Investigations led to four-year prison sentenced imposed on two Magistrates and

three-year imprisonment on Mr GG for corruption in judicial proceedings. EUR 150 000 seized by the judicial authority in this case were a direct result of UIF's STR analysis.

Fraud involving NRRP Funds (2023)

UIF carried out analysis of several STRs forward by a public body in relation to requests made by three companies for public funds disbursed under a National Recovery and Resilience Plan (NRRP). STRs were reported in view of the immediate transfer of sums received to countries in Easter Europe as well as transactions that appeared inconsistent with the economic profile of the customers. UIF's in-depth analysis focussed on identifying connections between the companies and other financial connections. Some of the companies were already known to UIF as they were the subject of previous STRs, and the same professional who had assisted with over a hundred companies involved in the scheme was identified through the analysis. Further investigations found accounting sheets of common suppliers with incorrect or non-existent VAT numbers and certificates showing data that did not correspond to those of the tax returns in the Tax Registry.

UIF ultimately identified the involvement of 180 companies through which EUR 194 million worth of subsidies had been requested to the public body, and EUR 50 million had been disbursed to fraudsters.

Investigation by the judicial authority based on UIF financial analysis resulted in the arrest of twenty-four individuals and the seizure of various assets including apartments, villas, crypto currencies, watches, jewellery, luxury cars, gold and over EUR 600 million in non-existent credits generated by the same companies involved in the scheme.

6.2.4. Other competent authorities producing financial intelligence (where relevant)

381. As noted above (core issue 6.1.2), NSPV and DIA produce their own financial intelligence based on STRs and financial analysis provided by UIF mainly for their own respective investigations rather than for disseminations. In some investigations, just like with judicial authorities, there have been collaboration with UIF. Since UIF holds FIU-only datasets (including STRs, SARA, OGG, gold reports and information from foreign FIUs) that are not available to law-enforcement bodies, such collaboration provides added value for investigative purposes. Their analytical work builds on UIF's analysis and STR-based financial intelligence is operationalised in downstream investigations.

Box 6.3. Financial Analysis by NSPV leading to Investigations

In 2024, exploiting the financial analysis of STRs conducted by the UIF, which provided relevant information and details concerning possible fraud in public procurement, the NSPV carried out further "pre-investigative" activities acquiring documentation from the public offices involved, and information contained in the various databases to which the GDF has access, uncovering a case involving corruption in a public company where a tender was promised to an entity in exchange for a bribe. A lawyer was also found to be involved for providing non-existent consultancy service to create fictitious expenses, in return for substantial sums of money.

Aside from the above, NSPV also analysed bank statements and telephone records. Wiretapping and surveillance activity was carried out.

Investigations led to the arrest of four suspects, and three were convicted of corruption for an act contrary to official duties under the Criminal Code, and sentenced to two years' imprisonment. EUR 143 000 was confiscated. The offenders were also banned from public office and the ability to contract with the public administration for five years.

6.3. Cooperation and exchange of information/financial intelligence

6.3.1. Co-operation and exchange

382. Overall, the FIU and other competent authorities co-operate and exchange financial intelligence and information to a large extent. Under its Regulation and Institutional Cooperation Directorate, UIF liaises with judicial authorities and other national institutions. Cooperation between UIF and various authorities, particularly NSPV, DIA and DNA, is based on bilateral and multi-lateral MOUs relating to information exchange, that have been updated and improved over the evaluation period. The UIF also has a liaison officer at the DNA to support better and faster information exchanges. Cooperation mechanisms enable the cross-referencing of STR risk scores, subject profiles and analytical context with prior records and prosecutorial information from GdF and DNA, contributing to more targeted disseminations. While these authorities conduct analyses in parallel due to their distinct mandates and data environments, ongoing initiatives, including the OTTs, aim to further refine coordination and sequencing of analytical steps to support an efficient use of resources.

383. Operational coordination with these authorities takes place at various stages of the STR analysis process. At a very early stage, every fifteen days, UIF shares with the DNA, (through the GdF and DIA) personal data on natural and legal persons reported in the STRs. DNA cross checks this information using an automated matching procedure in their own criminal register databases and then returns feedback to the three authorities as well as to the PP where there is a link to an on-going investigation. Over the evaluation period, 193 702 individuals were cross-matched against judicial databases, leading to over 120 332 STRs being transmitted to DIA and ultimately 17 619 STRs being forwarded to district prosecutors.

384. Information feedback from DNA assists UIF with the assignment of the risk level to the STR. If there is a match based on prior criminal and police records, NSPV will also convey this information to UIF. On a weekly basis, UIF disseminates STRs and financial analysis with NSPV and DIA. NSPV may also communicate to the relevant LEAs such as the Carabinieri or SP, STRs and financial analysis from UIF if relevant to their investigation, and they may send feedback directly back to NSPV, which promptly forwards it to the UIF. The procedure is somewhat formal and complex but is designed to balance confidentiality with cooperation and transparency.

385. UIF receives regular requests for information (RFIs) from the judicial authorities through a specific template which include information on the relevant offences and a brief description of the investigative context. UIF can also collaborate directly with judicial authorities through joint investigations to reconstruct and provide in-depth analysis on financial flows traceable to persons of interest both in Italy and abroad and have received and responded to about 430 requests from judicial authorities annually. UIF has also cooperated with other authorities such as public prosecutor's offices, DNA and LEAs on request to assist in their investigations with complex reconstructions and analyses of financial flows traceable to persons of interest both in Italy and abroad. This can take two months to a year depending on the complexity of the request and the UIF has received and responded to on average about 15 such requests annually. Based on the data provided by Italy, these have involved ML offences as well as offences that have been identified as ML threats according to the NRA (corruption, tax evasion, fraud, drug trafficking etc).

386. Specifically for TF, over the evaluation period, UIF received and responded to three collaboration requests from judicial authorities and one from the DNA. No feedback was received on these cases. UIF has also responded to requests directly from LEAs, including the Carabinieri, to obtain STRs to conduct financial investigations for terrorism investigations.

Box 6.4. Financial Investigation through Joint Analysis

Transnational Organised Crime (2015 – ongoing)

UIF received several STRs on suspicious financial flows between Italy and Asia, on which UIF conducted operational and strategic analyses that it developed, to promptly identify the illicit techniques used (misuse of money transfer operators, wire transfers and cross-border cash movement etc.) by criminal organisations active across Europe to launder huge profits of major tax crimes and other criminal offences.

Through in-depth analysis of STRs, UIF discovered that multiple transactions were being artificially split into smaller amounts to circumvent the restrictions on the use of cash. From an initial sample of almost 25 suspicious companies, more specific analyses on almost 400 companies and related flows were conducted. Drawing from Bol statistical reports on remittances, information shared by ADM (for cross-border cash declarations) and the revenue agency (for VAT declarations) and information from inspections conducted by Bol and GdF, strategic analysis was used to reconstruct the cash flow.

UIF identified five Italian banks and related branches as being potentially used for the anomalous flows and through data extracted from reports from the banks, the anomalous peaks of wire transfers were identified in the period under analysis.

UIF developed a broad range of financial intelligence products, in continuous cooperation with other FIUs (including a European Joint Analysis Exercise) and domestic competent authorities to trace assets and launch investigations, leading to the revelation of a multi-billion euro ML scheme that relied on the misuse of Correspondent Banking and Virtual IBAN services for tax fraud and organized crime activities (including concealing cross-border payments for mafia-linked drug traffickers) between Europe and Asia.

The investigations into the organised and complex underground system, led to the ban of money transfer operators involved in the suspicious flows, the launch of judicial investigations into 85 people and a large number of arrests in Italy. 140 companies were seized, 1569 bank accounts were blocked, and assets worth EUR 350 million, including cash, luxury cars and real estate were seized.

GdF further exploited UIF's financial analysis to unveil further instances of fraud against the State for over EUR 1.3 billion and tax evasion of over EUR 1.1 billion. More than EUR 1 billion was seized.

387. In July 2024, UIF and GdF entered into a bilateral MOU on the establishment of the Operating Technical Table (OTT) to facilitate cooperation in the following eleven areas: (i) coordination on the target groups of AML inspections; (ii) mutual updating on further areas and risk phenomena and other issues emerging from control activities, also to assess the conduct of joint inspections or controls; (iii) definition of criteria and modalities for information exchange in international cooperation and feedback flows related thereto; (iv) definition of the IT procedures to be adopted for suspension requests and return flows pursuant to the judiciary's suspension guidelines; (v) definition of technical specifications to support the UIF in identifying areas of possible investigative relevance in relation to STRs and indicators of investigative prejudice concerning natural and legal persons structured in STRs; (vi) comparison of innovative or complex or high-risk cases and development of advanced analytical methods, including sharing of research findings and data and feedback flows (investigative feedback) related to STRs and financial analysis; (vii) definition of criteria for making requests to the UIF for threshold-based communications on areas deemed at risk; (viii) comparison of additional information of possible interest and data concerning declarations of gold traders in particularly complex or high or significant risk cases; (ix) adoption of procedures to ensure the security of information exchanges and

the protection of confidentiality; (x) strategic analysis projects and studies and regulatory development of operational issues; (xi) training activities on operational issues. While many of these are in place, some important items (i.e., items iii, vii and viii) have yet to be implemented. The OTT is an important mechanism for further strengthening coordination between the UIF and GdF, whose analytical processes operate in parallel due to their distinct mandates and data environments. Ensuring continued progress in the outstanding OTT areas would support greater operational consistency and efficiency.

6.3.2. Security and confidentiality

388. The FIU and other competent authorities securely protect the confidentiality of the information they exchange and use. Access to the UIF premises is strictly limited and well-guarded. UIF has a range of technological and organisational safeguards with acquisition and dissemination of report flows occurring through highly secure and encrypted IT channels. All internal processing of STRs, interactions with FIs and DNFBPs, and exchanges with LEAs take place through RADAR and SAFE, which are encrypted. Audit logs track internal user access, enabling monitoring and auditing of activities. UIF staff are also subject to several circulars on confidentiality in work process with special precautions prescribed when handling reports of PEPs. The multilayered security architecture of RADAR and SAFE, including the separation between FIU-only and LEA-only data environments, provides strong safeguards while enabling efficient operational cooperation.

389. The GdF receives and analyses STRs through the NSPV department. The management of STR data is carried out by the GdF through the SIVA IT system which guarantees high confidentiality safeguards through technical-organisational measures. This is done through dedicated access which can be monitored and audited and the possibility to increase the calibration of confidentiality when handling sensitive STRs. Within SIVA, enhanced confidentiality protocols apply to high-sensitivity STRs, and access is restricted to authorised investigative personnel in accordance with judicial secrecy requirements.

6.4. Using information/financial intelligence

6.4.1. Using information / financial intelligence for investigations and developing evidence

390. In line with its multiple AML/CFT functions, STRs developed by UIF are used by GdF for various outcomes, including to reconstruct asset movements to develop evidence, identify assets and trace criminal proceeds or instrumentalities related to ML, associated predicate offences and TF. On average 22% of STRs received by NSPV/GdF were linked to pre-existing criminal proceedings, and 57% were used in the preventive tax evasion and corruption context (in line with the GdF's mandate and with Italy's identified ML risks). A smaller portion (3-4%) gave rise to new criminal investigative contexts, which is expected in a system where STRs primarily feed into ongoing tax, and corruption.

391. In practice, many STRs that are not formally counted as "new cases" nonetheless provide investigative leads within major ongoing investigations, particularly in organised-crime and corruption contexts. As a result, the operational role of STRs is broader than what is captured by the narrow category of "new investigative contexts". The number of STRs initiated as new investigations also increased in the second half of the evaluation period reflecting improvements in STR quality, enhanced analytical capabilities within GdF through greater specialisation and new analytical tools, and more structured information-sharing with UIF. Similarly for TF, most STRs were linked to pre-existing criminal proceedings.

392. NSPV initiated several thousand investigations per year based on STRs and financial intelligence developed by UIF. Italy's framework, in which STRs are developed within UIF, and subsequently, enriched by the NSPV through its in-house databases, ensures that financial intelligence is operationally useful to GdF's investigations. In line with Italy's ML risks, most STRs were exploited by GdF for tax evasion and related offences, crimes against public administration as well as bankruptcy and corporate offences. Significantly fewer STRs were exploited for drug-trafficking. While this is consistent with the fact that drug trafficking proceeds often do not pass through the regulated financial system, GdF analyses drug-related financial flows using a range of non-STR information sources, including fiscal, customs and administrative data as well as law-enforcement intelligence, which provides relevant insights even where STR-based indicators are limited.

Box 6.5. GdF's use of STRs and Financial Intelligence in Investigations and Asset Recovery

Operation Anatrante (2021)

The operation conducted by NSPV originated from the in-depth investigation of an STR concerning credit facilities of EUR 1.25 billion, made by the Extraordinary Commissioner for the COVID-19 emergency in favour of 3 foreign consortiums for the acquisition of more than 800 million masks. Financial intelligence by UIF revealed that the Italian companies involved had no previous experience in the healthcare sector and that the beneficial owner of these companies was linked to a person involved in the decision-making support structure of the Extraordinary Commissioner.

The investigative activities, delegated by the Rome Public Prosecutor's Office, focused on a criminal group, composed of 8 individuals, responsible, in concert, for ML and trafficking in illicit influence (aggravated by transnationality).

As a result of the investigations, the aforementioned Special Department executed, at the order of the competent prosecutor's office, five arrest orders executed by GdF and the emergency preventive seizure, directly and by equivalent, of bank, financial and insurance relations, real estate and luxury goods attributable to the suspects for a total of EUR 70 million (equal to the commissions collected).

Operation Fonzie (2022)

The operation conducted by Milan-based GdF specialized Unit (Nucleo PEF) originated from an anonymous complaint concerning a complex fraudulent mechanism set up by a criminal syndicate operating between Italy, Hungary, Cyprus, Bulgaria, Portugal, Poland, Latvia, the United Kingdom, Ireland and the UAE, for ML of illicit proceeds from tax fraud through operations of a listed company in the office machinery and equipment rental industry. The feedback provided by the STRs and UIF's financial intelligence made it easier for the GdF to identify several front men used by criminals to appear as representatives of companies used in the ML schemes. The GdF carried out in-depth investigations of STRs together with consultation of databases, open-source research and telephone and environmental wiretaps, revealed the role of companies. The frontmen appeared to belong to the same family groups and there was no financial consistency with transactions carried out. The GdF examined the accounts of all the suspects involved and through wiretaps and searches, found tokens for making remote bank transfers that revealed parallel bank accounts.

Investigations revealed 48 Italian and foreign shell companies established and used to launder EUR 17 million through the issuance of fraudulent invoices to transfer money to foreign countries with the simultaneous return of part of the mentioned capital., through physical cash transportation ("muling")

in order to conceal the illicit proceeds. In particular, it was revealed that EUR 8.5 million were laundered through “specialised” individuals who, on behalf of the criminal organisation, were responsible for returning cash to Italy through air travels.

Investigation resulted in the preventive seizure of financial assets, movable property (including luxury cars, motorcycles, and boats) real estate, valuables, and share capital of shell companies with a total value of over EUR 11 million.

393. The DIA analysed more than 700 000 STRs between 2020 and 2024 (which represents the number of STRs received by UIF), and integrated 2035 of them into their investigative cases on organised crime as these related to organised crime under its mandate. The STRs supported both judicial investigations and preventive asset-based measures against mafia-style criminal organisations and transnational fraud schemes. Information contained in the STRs is routinely used to reconstruct sources of income, standard of living, financial resources, and assets of individuals linked to organised crime and to identify potential assets or financial connections at an early stage prior to in-depth financial investigative work. Financial intelligence derived from STRs also plays a central role in preventive measures under the Anti-Mafia Code, where unexplained wealth, interposed ownership structures and asset transfers are assessed to support the application of preventive confiscation. In this context, STR-based intelligence often provides the initial leads DIA to reconstruct complex asset portfolios and identify assets held through front companies or family networks. This reflects the dual use of STRs in both judicial and preventive anti-mafia functions. (See IO.8 Box 8.1) The DNA does not itself use STRs to develop evidence in investigations but plays a key role in pre-screening STRs, coordinating with district prosecutors, and structuring investigative priorities to support organised crime and TF investigations. Approximately 5% of STRs received by UIF were forwarded to district prosecutors over the evaluation period.

Box 6.6. DIA's use of STRs and Financial Intelligence in Asset Investigations and Recovery

Confiscation from an entrepreneur linked to a Mafia organization

In March 2025, the DIA executed a confiscation order issued by the Court of Naples against a real estate entrepreneur, belonging to a family with deep-rooted ties to the mafia.

STR analysis showed serious anomalies in the use of cashier's cheques connected to savings books, apparently related to real estate transactions. The economic and asset discrepancy was demonstrated by analysing the declared net income; the information contained in the Tax Registry and the competent offices for the identification of real estate and corporate assets; bank transactions, and the data collection elements and statistical calculation tools developed by ISTAT.

The asset and financial investigations carried out by the DIA, on the entire family of the entrepreneur and covered the period from 1990 to 2020, revealed assets and financial resources and the standard of living significantly disproportionate to the declared income levels. The investigations also showed that the criminal activity had been conducted mainly through reinvestment of proceeds derived from unlawful activities into apparently legitimate economic enterprises, followed by the registration of assets in the names of family members to circumvent anti-mafia legislation.

The Court of Naples ordered the confiscation of one company operating in the real estate sector, 115 properties, four registered movable assets, and 60 financial relationships, for a total estimated value of approximately EUR 10 million.

394. Approximately 40% of STRs received by UIF have been selected by DNA for further in-depth analysis under the S.O.S Working Group composed of police officers from GdF, DIA and the Carabinieri. This mechanism generates pre-investigative activity of which approximately 60% of these relate to organised crime and 40% relate to TF, reflecting Italy's risk profile. STRs are also analysed and extensively used in the in the CASA platform to identify terrorist activity and TF (see IO.9).

6.4.2. Using information / financial intelligence to assist in identifying and tracing criminal proceeds or instrumentalities

395. Case studies reflected above show that financial intelligence is used by LEAs (especially GdF and DIA) and the judicial authorities to develop evidence, identify assets and trace criminal proceeds, and these have often resulted in asset seizures. Resulting from STRs, over EUR 5 billion in assets have been seized by the GdF and EUR 1.8 million in assets have been confiscated over the evaluation period. For DIA, over EUR 4 million in assets have been seized by the DIA and EUR 540 million in assets have been confiscated over the evaluation period. (see Table 8.1) For DIA, 80% and 76% of the total value of assets seized and confiscated during the year resulted from STRs. The data contained in the STRs were also widely used in judicial police activities, contributing to seizure and confiscation orders.

7 Money laundering investigations and prosecutions

The relevant Immediate Outcomes considered and assessed in this chapter is IO.7. The Recommendations relevant for the assessment of effectiveness under this chapter are R. 3, 30, 31 and elements of R.1, 2, 15, 32, 37, 39 and 40.

Key Findings, Recommended Actions, Conclusion and Rating

Key Findings

- a) The GdF plays a leading role and is well resourced to identify ML through different avenues, facilitated by its broad and sophisticated access to information. The GdF and the DIA structurally pursue parallel money laundering investigations alongside investigations of serious organised crime. The State Police and the Carabinieri also conduct parallel financial investigations as directed by the public prosecutor, where there are financial aspects and where assets are involved.
- b) Italy's police forces are all able to investigate ML offences and are appropriately and adequately skilled and trained to conduct financial investigations and utilise a wide range of investigative tools that are available to them to investigate ML. Italy also has several sophisticated coordination mechanisms to ensure that operational agencies actively co-operate and share information and resources and are able to conduct investigations jointly, particularly for complex ML cases.
- c) Italy does not maintain comprehensive statistics on the underlying predicate offences for ML investigations, which limits the ability to assess whether the country's pursuit of ML was in line with its risks. However, based on case studies presented and the manner through which ML is detected and pursued, Italy prioritises ML for cases where ML is laundered in the context of organised crime. GdF and DIA structurally pursue parallel ML investigations alongside investigations of serious organised crime which is in line with the country's risk and context since these would be expected to generate significant proceeds, and this is confirmed by data and numerous case studies.
- d) The size, structure and resourcing of the different PPO offices in Italy are broadly in line with Italy's ML risk profile and Italy prioritises ML for cases where ML is laundered in the context

of organised crime. This has resulted in a high number of prosecutions and convictions for stand-alone ML cases. However, the convictions for self-laundering cases have lagged behind.

- e) As corporations are often used by organised criminal groups to launder their proceeds of crime, Italy conducts ML investigations against legal persons. However, Italy has not been able to obtain sufficient ML convictions for legal persons. Nonetheless, Italy takes asset recovery (including through its preventive measures) and judicial administrative measures against corporate vehicles used for ML. Sanctions applied for ML are on the lower end of the spectrum considering Italy focusses on prosecuting ML relating to organised crime, although there are complex ML cases where the stand-alone launderers obtained higher sentences that were dissuasive.

Recommended Actions

Italy should:

- a) maintain comprehensive statistics on ML investigations, prosecutions and convictions, to the extent necessary, to be able to monitor the pursuit of ML in line with ML risk related to high-risk predicates as well as ML methods, techniques and trends, including to ML that takes place outside organised crime
- b) address any challenges to obtaining more convictions for self-laundering.
- c) pursue more prosecutions for ML related to legal persons as appropriate, that may then result in more convictions in line with its risk profile.
- d) strengthen the training of magistrates on determining penalties, their proportionality and dissuasiveness, particularly in cases of particular gravity.

Overall Conclusions on IO.7

The GdF plays a leading role and is well resourced to identify ML through different avenues, and to investigate complex ML schemes through its networks and broad access to information and financial intelligence, as reflected by a large number of case studies. PPs lead all criminal investigations and play a role in directing financial investigations in cases where there are financial aspects and where assets are involved. Through the prosecutors, Italy also employs sophisticated coordination mechanisms especially for complex financial and ML investigations, so that other the State Police and the Carabinieri are appropriately supported by the specific expertise of the GdF and access to information available to them.

Although Italy does not maintain comprehensive statistics on the underlying predicate offences for ML investigations, based on case studies presented and the manner through which ML is detected and pursued, Italy prioritises ML for cases where ML is laundered in the context of organised crime. GdF and DIA structurally pursue parallel ML investigations alongside investigations of serious organised crime which is in line with the country's risk and context since these would be expected to generate significant proceeds, and this is confirmed by data and numerous case studies. This is

corroborated by the significant number of prosecutions and convictions obtained, particularly for stand-alone ML.

Italy has obtained a low number of convictions for self-laundering prosecutions. Italy conducts ML investigations against legal persons, but has not been able to obtain sufficient ML convictions. Although, it takes asset recovery (including through its preventive measures) and judicial administrative measures against corporate vehicles used for ML, the convictions, the number of ML convictions are low considering corporations are often used by organised criminal groups to launder their proceeds of crime. Sanctions applied for ML are also on the lower end of the spectrum considering Italy focusses on prosecuting ML relating to organised crime, although there are complex ML cases where the stand-alone launderers obtained higher sentences that were dissuasive.

Italy is rated as having a Substantial level of effectiveness for IO.7.

Immediate Outcome 7

7.1. ML activity identified and investigated

Identification of ML

396. Italy's ML legislation, which follows an all-crimes approach to ML, embeds the 'follow the money' approach in the context of investigations related to organised crime and mafia activity. There are four police forces in Italy, *Polizia di Stato* ('State Police'), *Arma dei Carabinieri* ('Carabinieri'), *Guardia di Finanza* ('GdF') and *Corpo di Polizia Penitenziaria* ('Penitentiary Police'), all of whom are authorised to investigate ML, although in practice, the Penitentiary Police do not investigate ML. Every ML investigation is (as is every formal investigation in Italy) led by a Public Prosecutor ('PP') who may assign one or more of Italy's police forces to conduct investigations under its direction. Thus, the police forces are both operational and judicial police. The *Direzione Investigativa Antimafia* ('DIA') also plays an important role. The investigative powers under the Code of Criminal Procedure (CCP), Criminal Code (CC) and the Anti-Mafia Code (AMC) apply to all the police forces. Their roles are summarised as follows (for more information, see Recommendation 30 in the TC annex, and the introduction for a summary).

- State Police is a civilian police force with general competence tasked, among others, to maintain public order.
- The Carabinieri is a military corps with police duties which is also tasked to maintain public order. The Specialised Operational Group (R.O.S.) within the Carabinieri deals mainly with organised crime and financial investigations, as well as terrorism and TF, both at the national and international level.
- The GdF is a police force with military status. Unlike the other police forces, the GdF's main objective is to combat financial crime, corruption, tax evasion and avoidance, smuggling, TF and ML. The GdF is well resourced to investigate complex ML schemes.
- The DIA is an inter-agency law enforcement body composed of personnel from the other police forces with experience in financial investigations and organised crime investigations. DIA focussed on investigations to prevent and counter organised crime. Their investigations are typically complex and lengthy as they analyse the criminal activities of the mafia-type organised crime groups, including their complex ML schemes such as those involving numerous interconnected businesses. The DIA described one complex scheme that led to the reconstruction of assets accumulated by organised crime over a period of more than ten years.

397. The GdF uses several avenues to detect ML in Italy as reflected in its Operational Plan nos. 34 on the 'Fight against the ML of Illicit Capital' which dates back to 2015 and is updated annually. The operational guidelines list several triggers for investigations which include (i) direct information, (ii) reports from other authorities, (iii) UIF analytical reports and related STRs are systematically sent to GdF (see IO.6) to which the GdF adds further pre-investigative analysis using its sophisticated IT tools and broad access to databases, resulting in this as a valuable source of identification for ML. These may also contain cross border currency movement reports, (iv) information from AML inspections, (v) tax-evasion activity and (vi) parallel financial investigations conducted by judicial police. In addition to these, information obtained from international cooperation requests is also in practice used to trigger domestic ML investigation. Table 7.1 indicates the extent to which these different avenues were used by the GdF in practise to detect ML and the extent to which they resulted in ML investigations. While no data was available relating to detection through information from international cooperation, case studies provided showed that this was also used regularly. In general, the data confirms the broad avenues used by the GdF to initiate ML investigations as well as the increasing detection through parallel investigations and STR disseminations over the evaluation period.

Table 7.1. Avenues to detect ML investigations (GdF)

	2020	2021	2022	2023	2024	until May 2025	Total
Parallel investigation	471	612	511	827	766	299	3 486
STR dissemination	32	171	152	153	178	56	742
Tax information	66	210	244	389	320	161	1 390
Information from internal databases	359	169	133	137	138	47	983
Open-source information	12	21	29	39	36	18	155
Cash or BNIs declaration	0	9	14	6	1	4	34
Other sources	22	25	25	61	60	13	206

398. For every criminal activity investigated by the GdF, it initiates financial investigations aimed at reconstructing the real assets held by criminals for the subsequent asset recovery action (See IO.8) as well as all financial movements relevant to the identification of possible ML conduct for subsequent investigation. This ensures that complex and stand-alone ML cases are detected, which is important to the risk and context of Italy where organised crime contributes significantly to the generation of illicit proceeds and to ML. Over 70% of ML investigations in Italy are launched by the GdF.

399. The AMC is the legislation that targets organised crime activity and the assets derived from this (see IO.8 for the scope of the AMC). The AMC provides for a number of preventive measures that specifically follow the assets linked to criminal activity or suspected criminal activity (see IO.8). Early asset tracing investigations conducted under the AMC provides a valuable source for the GdF on its own or within the DIA, to identify ML.

400. The State Police and the Carabinieri investigate predicate offences that are under their territorial jurisdiction or are assigned to them by the judicial authorities. Unlike the GdF, the State Police and the Carabinieri do not systematically detect ML through external sources. However, under the direction of the PP, they conduct financial investigations for cases where there are financial aspects and where assets are involved. Where ML emerges from their investigations, this is pursued. Data indicates that over the evaluation period, over 5 000 of ML investigations launched in Italy are done so by the State Police and the Carabinieri which represents less than 30% of ML investigations in Italy.

Table 7.2. ML Investigations in Italy

	2020	2021	2022	2023	2024	until May 25	Total
GdF Investigations							
Investigations launched (number of cases registered in the year)	1 144	1 701	2 872	3 057	2 727	1 055	12 566
Investigations (number of cases concluded in the year)	962	1 217	1 108	1 612	1 499	526	6 924
Investigations (number of individuals for cases concluded in the year)	2 300	3 391	3 549	4 069	4 113	1 146	18 568
Number of arrests	253	472	303	287	498	94	1 907
Investigations by all LEAs (excluding GdF)							
Investigations launched (number of cases registered in the year)	1 759	1 372	266	358	997	286	5 038

401. Although its focus is largely on pursuing assets of mafia-style organised criminals, the DIA also pursues ML investigation as a tool to fight organised crime. As part of its investigations, the DIA regularly reconstructs the economic activities and illicitly accumulated assets of associates of mafia-type organised criminal groups, including elaborate ML schemes employed for this. The DIA has access to similar databases as the GdF (except Molecola) in addition to National Anti-Mafia Database (BDNA) which provides outcomes on anti-mafia proceedings related to the participation of mafia related individuals for public contracts and procurements. Although less than 5% of ML investigations in Italy are launched by the DIA, these relate to deep and lengthy investigations over several years, involving the reconstruction of substantial illicit assets accumulated by mafia subjects which lead to a limited number of highly complex criminal investigations (which includes ML)

Table 7.3. DIA ML Identification and Investigations

	2020	2021	2022	2023	2024	Total
Nos of ML cases identified and investigated	156	114	34	2	81	387
Nos of persons investigated for ML	28	138	234	21	131	580

Investigation of ML

402. The Public Prosecutor's Office (PPO) is the competent authority for leading and directing ML investigations and prosecutions. The PP directs criminal investigations at a very early stage when a *notitia criminis* (information on a fact that could constitute a criminal offence) is registered (this is mandatory). From then on, the PPO leads the investigation and prosecution and assigns investigative

tasks to the police and coordinates their cooperation throughout the investigation and prosecution brings on a mandatory basis, the case to the courts if sufficient grounds exist gathered during the investigations to support a charge in court. For all investigations, including those investigated outside the AMC, the PP will coordinate the different LEAs' investigative activities and assign the task to the police force that has reported the crime but may delegate tasks to several LEAs jointly as appropriate, e.g. even as the State Police and the Carabinieri can investigate the specific crime, the GdF may be assigned to join the investigation where their expertise is needed to carry out more specialised financial investigations.

403. The GdF has several functions and units tasked to combat ML, one of which is the unit that functions as the judicial police. It is well resourced to investigate complex ML, including those that involve transnational elements. The GdF is structured militarily with a central command structure and territorial units. It has approximately 30 000 staff who perform judicial police functions, divided between the NSPV and 500 territorial units. Basic training courses are compulsory for all GdF personnel which cover the acquisition of investigative skills as well as applicable rules and procedures. In addition, there are further specialised courses, which are constantly updated on new techniques, methodologies, trends and money laundering risks. Case studies reflected how the GdF utilises its investigative skills and training in complex ML investigations. The GdF also frequently draws on its international networks where needed, to build its case (see IO.2).

404. The main strength of the GdF lies in its networks and access to information that is useful to support the complex ML investigations it is mostly involved in. In conducting investigations, the GdF uses its internally developed databases, the Dorsale Informatica to access 138 confidential and open-sourced databases which include real estate ownership information, bank account information, business registers, vehicle registers etc. supported by the Molecola software which also contains law enforcement databases, tax administration database, land register, company register etc. The system is able to draw analyses and linkages to the different information in the databases including investigative information (e.g. transcripts of wiretaps, account statement details etc) in order to quickly identify ownership details and asset movement to support ML investigations.

405. The State Police and the Carabinieri also investigate ML, although the cases are usually but not always less complex than those investigated by GdF as their focus is on the predicate offending. The State Police has over 170 staff assigned to the dedicated central and local units responsible for crime and serious organised crime of which ten function in the central command and 160 are spread across competent local units (e.g. Rome has 13 staff and Milan, Naples and Palermo have three staff each), who deal with investigations into ML activity. There was no information over the number of staff that represent the judicial police who support the Carabinieri. Their investigations are also supported by IT applications and other technology to analyse data,

406. Based on discussions with these authorities, the State Police and the Carabinieri are well-trained to fighting criminal activity and to conduct financial investigations even at the district level and have access to similar financial investigation tools as the GdF which are employed under the direction of the PP. When conducting ML investigations, the Carabinieri is guided by the General Staff of the Carabinieri Headquarters ("Organised Crime, Subversion and Terrorism Office") circular issued in 2019 which detail ML laws and highlights a broad range of databases which it has access to for financial information. This includes the Sistema di Indagine (SDI) database that allows for the sharing of general information on offences, reports, orders issued or executed and complaints received against individuals and legal entities as well as some other external databases and how these may be useful. The Carabinieri does not have direct access to GdF's sophisticated IT tools or STR's which could be useful for STR analyses and to discover linkages across the information to conduct more sophisticated investigations more quickly. However, for more complex investigations, the PP would be able to draw on the GdF as noted above.

407. In view of the general and specialised criminal investigation responsibilities, there are coordination mechanisms amongst the authorities, which work satisfactorily. The *Direzione Nazionale Antimafia e Antiterrorismo* ('DNA') is a judicial coordinating body responsible for coordination of investigations into organised crime (including financial crimes) and terrorism offences (including TF). It comprises of prosecutors experienced in investigating organised crime and works in close coordination with the DIA in coordinating investigations and prosecutions of organised crime across the country. For prioritised serious offences, including organised crime, the DNA coordinates investigations across the 26 PPOs through a linked database. All LEAs have access to this database that allows for the sharing of general information on offences, reports, orders issued or executed and complaints received against individuals and legal entities. As noted above, the PP is also key to the coordination among the different LEAs, which is often done in complex financial investigations to be able to appropriately exploit the specific expertise and access to information of the different LEAs.

408. The most significant ML threats identified in Italy's NRA are corruption, drug trafficking, tax evasion, and sexual exploitation. Most criminal conduct is attributable to organised crime, including mafia-style crime (e.g. drug trafficking, extortion, tax crimes, gambling, illegal waste trafficking, smuggling and counterfeiting). Italy does not maintain comprehensive statistics on the underlying predicate offences for ML investigations, which limits the ability to assess whether the country's pursuit of ML was in line with its risks. However, based on discussions with the Italian authorities, there is significant focus on investigations for these predicate offences, and also for fraud and forgery related to EU and/or public grants. The GdF noted that it prioritises ML related to tax evasion, corruption, drug trafficking and forgery investigations, which is consistent with its mandate. Significant number of STRs are made on suspicions of organised crime, fraud (including cyber fraud and other types of fraud), tax crimes and corruption, which are followed up particularly by the GdF and the DIA. In addition, Italy presented a large number of case studies involving complex ML case studies in line with the GdF's and DIA's national level operational and policy mandates, that reflected that the GdF and the DIA are pursuing ML related to serious organised crime which is consistent with the country's risk and context. Asset recovery data also indicated that over 90% of asset seizures and confiscations related to mafia type organised crime which included ML.

Box 7.1. Investigation into a complex fraud and ML scheme (GdF)

The NSPV of GdF carried out targeted investigations based on an inherent risk analysis of anomalous financial transactions to and from European Countries, carried out through the issuance of fake invoices creating a complex Trade based Money Laundering system.

Through investigations, GdF uncovered a criminal network that was involved in tax crimes committed through a company operating in the waste disposal sector. GdF analysed numerous invoices for non-existent transactions issued by shell companies that allowed the main company to generate fictitious costs to reduce taxable income. The money was then laundered abroad.

Investigation tools utilised by GdF included the use of its databases for the reconstruction of the profiles of the suspects and legal entities involved, wire-tapping and surveillance against 25 persons, in-depth analysis of numerous STRs, reconstruction of financial flows through examination of 80 financial reports and 50 pre-paid cards and the consultation of a bank to corroborate the criminal hypothesis.

Investigations led to the arrest of eight suspects who were ultimately convicted of ML offences, fraudulent tax declaration, fictitious registration of assets and issuance of fake invoices. For ML offences, they were each sentenced to between three and four years' imprisonment. A total of EUR 21 million was seized as a result of the investigation.

Box 7.2. Operation Moby Dick (GdF and State Police)

The investigation that took place between 2022 and 2024, targeted a transnational criminal organisation engaged in issuing and utilising invoices for non-existent transactions as well as ML, reinvesting and self-laundering proceeds through 'carousel' fraud schemes. The criminal group operated through a multi-layered corporate structure, using companies active in the trade of consumer IT products, with operational branches in Italy and other ten other overseas jurisdictions.

195 individuals and 144 Italian and foreign companies were investigated and 43 persons were arrested. Seizure orders amounting to EUR 520 million were executed. Eleven persons have been charged with aggravating circumstance of mafia-type involvement, by providing financial support to mafia groups. MLA requests for recovery of assets are pending and criminal proceedings are on-going.

Box 7.3. Operation Pick Up (DNA)

Italian authorities investigated the ML mechanism of a complex network of international financial brokers for a South American criminal association of cocaine suppliers and the Italian criminal associations. The proceeds of drug trafficking were collected in cash in Italy and distributed through a widespread network of collaborators and facilitators for laundering. Italy employed undercover agents and front undercover company through which the judicial authorities were able to gain access to ML mechanism. The investigations revealed that once the illicit proceeds were deposited into the foreign company's accounts at the direction of the traffickers, the cash was transferred to foreign accounts located in USA, China, Türkiye, Panama, etc in order to be subsequently channelled to the South American cocaine suppliers.

The investigations involved collaboration with 27 foreign countries as well as working with the EUROPOL's European Financial and Economic Crime Centra as well as the Italian representative of EUROJUST who coordinated with investigations activities with other European prosecutor's offices.

In April 2023, significant seizures were made in various counties against the money laundered through the facilitators.

409. The data (see Table 7.4 below) reflects that the GdF regularly conducts ML investigations involving legal persons which is in line with how organised crime groups in Italy generally launder their proceeds of crime. DIA constantly monitors companies that receive public procurements to ascertain that no violation is committed and conducts investigations into business that are used by organised crime groups to launder illicit assets. However, no data was presented to demonstrate how it was routinely pursuing ML investigations against legal persons.

Table 7.4. GdF Investigations against Legal Persons for ML

	2020	2021	2022	2023	2024	until May 25	Total
Number of cases identified	62	89	70	366	130	65	782
Number of legal entities involved	141	228	136	557	295	232	1 589

7.2. Prosecuting and convicting different types of ML activity²⁰

410. Italy's judiciary is composed of judges and prosecutors, all considered magistrates. There are 3439 prosecutors in 140 PPOs in the 26 districts over the different regions in Italy. Investigations are carried out by the PP's office where the offence has been perpetrated, although DNA will intervene to coordinate serious and complex cases involving more than one region if such a case is under its competence. The size and structure of each office differs depending on the region. For example, there are more prosecutors in larger cities like Rome, Milan, Naples and Palermo, there are 292, 286, 387 and 203 prosecutors respectively, representing a third of the total number of prosecutors in the country. There are also specialised units within certain regional departments based on the prevalent type of crime (e.g. the Milan office has a specific department for financial and corporate affairs). More experienced prosecutors are assigned for mafia-style offences.

411. By law, from the time a crime report is registered, the PP must proceed to investigate it and prosecute before the court if there are sufficient grounds, or seek a dismissal (in which case, the investigation can be resurrected if new grounds are obtained), within two years. The two-year time frame is carefully balanced to protect fundamental rights when conducting complex investigations. Italian authorities are aware of the deadline and adapt their investigative work accordingly, and the assessment team did not encounter any case where the procedure resulted in investigations being interrupted or delayed.

412. The table (IO.7.5 below) provides a broad view of ML investigations, prosecutions and convictions in Italy since 2020, which reflects a relatively large number of cases annually, indicating broadly the well-functioning investigation and prosecution of ML in Italy. Approximately half of cases where the PP has decided to initiate criminal proceedings lead to conviction, which is broadly in line with conviction rates for other offences in Italy. Statistics presented to the AT reflected that the number of pending cases appear large, they are consistent over the years, which suggests also a reasonable turnover without a backlog of cases.

Table 7.5. ML Investigations, Prosecution, Conviction

	2020	2021	2022	2023	2024	Until March 2025	Total
Investigations registered in the year	2 903 (7 074 persons)	3 073 (8 634 persons)	3 138 (8 732 persons)	3 415 (9 249 persons)	3 724 (8 684 persons)	1 002 (2 432 persons)	17 255 (44 805 persons)
Ongoing prosecutions (including dismissals) in the year	3 165 (7 548 persons)	3 876 (10 082 persons)	3 910 (10 005 persons)	3 922 (9 620 persons)	4 051 (9 290 persons)	1 001 (2 602 persons)	19 925 (49 149 persons)
Initiation of criminal proceedings in court in the year	1 631	2 023	1 934	1 868	2 142	453	10 051
Final Convictions by cases in	664	901	847	933	752	46	4 114

²⁰ See Methodology, IO.7, Note to Assessors 2 and related footnotes

	2020	2021	2022	2023	2024	Until March 2025	Total
the year	(653 persons)	(878 persons)	(822 persons)	(905 persons)	(729 persons)	(35 persons)	(4 153 persons)

413. In Italy, when sufficient grounds exist to support criminal proceedings, prosecutors are constitutionally obliged to initiate prosecution. This means that prosecutorial decisions are strictly not based on ML risks (including geographic risks or channels to launder ML) of the country, nor is there any process to monitor if this is the case (since monitoring is based on asset seizures and confiscations – see IO.8). As with ML investigations, Italy does not maintain comprehensive statistics on the underlying predicate offences for ML prosecutions and convictions. However, since severe penalties are prescribed for ML offences, ML offences are as serious offences, prioritised in prosecutorial workload management. In areas where there is elevated ML risk due to the presence of organised crime, additional resources are assigned in the form of more specialised prosecutorial magistrates, judicial police assignments and enhanced administrative. This risk-based deployment ensures higher-risk areas receive proportionally greater capacity for ML prosecutions. Over the last five years, there have been discussions between the heads of the PPOs and court presidents to establish high-level prioritisation along the lines of pursuing organised crime, financial crime, crimes against public administration, asset seizures etc.

414. Italy classifies its ML offences based on three types of ML activity: (i) article 648 bis Criminal Code (stand-alone ML to hinder the identification of the criminal origin, without culpability in the crime), (ii) article 648 ter Criminal Code (use of money, goods or other utilities from crime in economic or financial activities – excluding cases of complicity in the crime) and (iii) article 648 ter 1 Criminal Code (self-laundering). Self-laundering was made an offence in Italy in 2015. It was noted in Italy's previous MER (2016) that the new self-laundering offense clearly opens additional avenues to fight crime and provides opportunities for greater international cooperation. However, it had not yet been tested by the prosecutors and courts. And the impact it would have on the effectiveness of Italy's AML efforts would depend on the courts' jurisprudence.

415. The data supported by cases reflects that Italy is mostly pursuing ML under articles 648 bis and 648 ter of the CC which represents stand alone and autonomous ML, which is a result of Italy's focus on combating organised crime. Due to the complexity, such cases will invariably involve the GdF or the DIA and the assessment team was presented a large number of cases where intermediary launderers, usually as part of organised criminal groups, were investigated and prosecuted for ML. Many of these involved transnational elements where launderers relied on international ML networks to launder the proceeds of domestic crime.

Box 7.4. Investigation of Stand-Alone ML

Case 1 (2023)

The GdF carried out investigation into the drug trafficking activities of a mafia-type organised criminal group. The proceeds of the criminal activity were laundered through a foreign national in Italy that relied on an international cash controller network based in China that worked with a network of money mules. The cash collector based in Italy would collect the cash from the group and send it to China through an informal compensation mechanism. Agents based in other countries would release sums and deliver them to the final beneficiary.

GdF investigations included the surveillance of chat groups that led to information relating to the drug trafficking activity as well as the video surveillance of the movements of the launderer and his family

based in Italy who were suspected of laundering for the criminal group. A search was conducted at his home and a sum of EUR 133 000 in cash was seized.

The suspect was arrested and pleaded guilty to ML charges. He was sentenced to four years imprisonment. The court also ordered confiscation of assets to the value of EUR 700 000. The leaders of the OCG were also sentenced for money laundering and self-money laundering charges, as they used part of the profits from drug trafficking to buy precious metals.

Case 2 (2022)

STR analysis revealed anomalous money flow, based on which GdF initiated investigation into several companies that were recipients of public contracts. It was found that a group of companies were involved in carousel tax fraud. The proceeds of the fraud were laundered in smaller amounts through smaller companies using cheques, money orders and pre-paid cards. Natural persons and sole-proprietorships were finally used to monetise the proceeds. The money was used by a mafia-type group to send money to the families of prisoners.

The operation consisted of linking information from GdF's databases (bank accounts and pre-paid card data) to reconstruct fund flows to cross reference with information obtained from wiretaps and surveillance of suspects involved, as well as tax audits.

Fifty seven natural persons and eight legal persons were prosecuted and convicted of stand-alone ML. The natural persons were sentenced to imprisonment from a range between two and nine years, as well as fines. The legal persons were fined between EUR 51 600 and EUR 1 239 200.

416. Since 2020, the number of investigations and prosecutions for self-laundering (see table 7.6 below) under article 648 ter 1 Criminal Code, although increasing, appears to rest between 10% and 15% of all ML investigations and prosecutions. Convictions for such cases rests at an average of only 6% of self-laundering prosecutions. Italian authorities attributed this to the complexity of such cases, particularly in light of the recency of the introduction of the legislation and the judicial response to this. Considering that it has been ten years since the enactment of article 648 ter 1 of the Criminal Code, there still appear to be barriers (e.g. legal, procedural or training/capacity) to obtaining convictions for this offence. To mitigate this, Italy relies also on article 512-bis (fraudulent transfer of assets) of the Criminal Code which prescribes imprisonment from two to six years and is evidentially easier to prosecute since it only requires proof of fictitious ownership of assets with the specific intent to evade preventive measures or facilitate ML crimes. Over the evaluation period, 535 persons had been convicted under this provision.

417. A significant number of investigations launched by the GdF for ML against legal persons (1589 legal persons as reflected in table 7.3 above) have resulted only in a small number of convictions (68 legal persons as reflected in table 7.6 below). No data was available on the number of legal persons prosecuted. Italy uses asset recovery (including through its preventive measures) and other tools against legal persons and owners of legal persons used for ML. Corporate preservation with remediation through judicial administration by removal of all managers are used to clean up corporate vehicles or seizures and confiscations are used to dismantle them altogether. However, considering that laundering criminal proceeds through businesses and corporations is a recognised *modus operandi* for organised crime in Italy and appears in several case studies, this is an important area for Italy to pursue more ML prosecutions and convictions.

Table 7.6. ML Investigations, Prosecution, Convictions by Type of ML

	2020	2021	2022	2023	2024	Until March 2025	Total
Self-laundering (art. 648 ter.1 CC)							
ML investigations	340	367	426	435	468	97	2 133
ML prosecutions	185	355	406	450	549	113	2 058
ML convictions	17	28	25	27	23	3	123
<i>Stand-alone (autonomous) ML (Art. 648 bis CC, 648 ter CC.)</i>							
ML investigations	2 705	2 862	2 896	3 149	3 417	939	15 968
ML prosecutions	3 052	3 653	3 669	3 637	3 707	940	18 658
ML convictions	663	894	840	928	751	38	4 114
ML convictions of legal persons	10	18	20	7	8	5	68

7.3. Effectiveness, proportionality and dissuasiveness of sanctions

418. Italy has a range of sentences available for different types of ML, ranging from fines and prison sentences of up to twelve years. Sentences are imposed based on the offence as well as the mitigating and aggravating circumstances surrounding the offence and the offender.

419. The statistics on sentences provided by Italy, albeit incomplete, reflects that in most cases, the lower end of prescribed sentences are imposed for ML, and only in very few cases are sentences imposed on the higher end. The broad range of sentences imposed indicates that the judiciary is committed to calibrating the sentence based on the specific circumstances of the case and this is reflected in the dissuasive and proportionate sentences imposed in some of the case studies related to complex cases presented by Italy. Also, approximately 60% of final judgments are the result of plea bargaining and abbreviated procedures which result in a reduction of penalties applied. According to Italian authorities, the focus of ML investigations and prosecutions have been on cases involving organised crime in light of the phenomena of mafia-style criminal activity in Italy. The predominance of sentencing at the lower end of the spectrum does not appear to be fully in line with the type of ML activity that is pursued by Italian authorities. However, Italy did provide cases of complex ML where the stand-alone launderers obtained higher sentences that were dissuasive

Table 7.7. Sentences applied²¹ for ML (natural persons)

	2020	2021	2022	2023	2024
Fines only	1	3	Nil	Nil	Nil
0 – 3 years' imprisonment	60	65	86	88	90
>3 years – 5 years' imprisonment	16	16	19	20	25
>5 years – 10 years' imprisonment	4	9	7	6	10
>10 imprisonment	5	0	2	0	1

420. Applicable penalties for legal persons involved in ML offences include fines, disqualifications (which can include the suspension or revocation of government concessions/financing and prohibition from conducting business) and confiscation. Sanctions can be applied at any stage of the investigation, including as interim measures. The data on sanctions applied on legal persons for ML is incomplete and as such Italy did not demonstrate that sanctions applied have been proportionate and dissuasive.

²¹ Each sentence may have been applied to one or more ML convictions.

7.4. Use of alternative measures

421. Where it is difficult to establish any link to a predicate offence, and thus obtain a conviction for ML, Italy's response is largely to aggressively pursue the assets of the launderer where this relates to organised crime. It is able to do so under the AMC that provides broad powers for asset seizure and confiscations even where convictions for ML is not possible, as well as through the expertise of the DIA which often leads the investigations in such cases (see IO.8).

8 Asset recovery

The relevant Immediate Outcomes considered and assessed in this chapter is IO.8. The Recommendations relevant for the assessment of effectiveness under this chapter are R. 1, 4, 32 and elements of R. 15, 30, 31, 37, 38 and 40.

Key Findings, Recommended Actions, Conclusion and Rating

Key Findings

- a) Depriving criminals of their assets is ingrained in the strategy of Italy's law enforcement, particularly for organised crime. The total amount of illicit assets pursued by Italian authorities (over EUR 7 billion confiscated) over the evaluation period is a reflection of the effective operationalisation of its strategic prioritisation on asset recovery for ML and associated offences. Seizures and confiscations are largely in line with the risk and context of the country, although less so for drug trafficking. No asset seizures and confiscations were reported relating to TF.
- b) Italy's LEAs are armed with strong laws and powerful legislative tools to pursue criminal assets and assets belonging to criminals, particularly in relation to organised crime. All LEAs, in particular the GdF and the DIA, have access to a broad range of databases and sophisticated IT tools to support their financial investigations for asset-tracing and recovery and also use the range of asset recovery modalities appropriately to pursue illicit assets. They also use international networks to pursue cross-border assets abroad.
- c) There is not a distinct comprehensive national policy on the collection of asset recovery statistics which makes it difficult for Italy to have a full overview on the total recovery of assets and to monitor any shortcomings that may exist as well as to monitor that the asset recovery regime functions in accordance with the country's risks.
- d) There is a legal framework for the UIF to suspend suspicious transactions which is utilised by UIF and reporting entities but significantly less frequently by LEAs and judicial authorities. The purpose for which suspensions are mostly triggered (insurance policy redemptions) do not demonstrate that Italy is making full use of this mechanism.
- e) Italy has sophisticated structures and processes to manage assets seized to avoid dissipation of the value of the assets. These have been used to manage a variety of assets including the judicial administration of working businesses and corporations that have been seized.
- f) The ADM and the GdF concurrently administer the identification of falsely or non-declared currency/BNF and take action against violations. Their surveillance is conducted in parallel

since both authorities have different focus, and there is some level of coordination between them. The significant number of violations is followed by robust detection, sanctioning and follow-up. There is scope for greater structure and clarity on how they work together in practice for more optimal use of resources.

Recommended Actions

Italy should:

- a) enhance its national statistics collection on asset recovery in a more synchronised manner across all LEAs and other relevant authorities to make it possible for Italy to fully monitor any emerging deficiencies as well as to ensure that the asset recovery system functions in accordance with the country's risks at all times.
- b) pursue asset seizures and confiscations arising out of their TF investigations and prosecution.
- c) provide guidance on the use of suspensions of suspicious transactions so that this tool is more systematically utilised in appropriate cases.
- d) seek to consolidate cooperation between the ADM and the GdF for surveillance related to cross-border cash movements, ensuring an effective exchange of experiences and good practices.

Overall Conclusions on IO.8

The structures and operational strategies of the GdF and the DIA prioritise the pursuit of criminal assets and assets belonging to criminals. They are armed with very strong laws and powerful investigative tools to conduct complex investigations to pursue criminal assets and assets belonging to criminals, particularly in relation to organised crime, both domestically and abroad. Case studies and statistics also show that both the GdF and the DIA regularly use the range of legal asset recovery modalities such as non-conviction-based confiscation and the pursuit of property of corresponding value to recover illicit assets. Assets valued at about EUR 7 billion have been confiscated by the GdF and DIA over the evaluation period.

The State Police and the Carabinieri have access to similar laws that enable them to conduct financial investigations to identify and pursue assets. In appropriate cases, the PP will direct them to conduct financial investigations to trace assets at an early stage to prevent dissipation of criminal assets, and utilising the full range of legal tools (such as non-conviction-based confiscation, property of corresponding value) to seize and confiscate assets. They are also able to coordinate with the GdF where the GdF's expertise and access to their powerful investigative tools are needed.

The available data indicates that Italy is seizing and confiscating very significant amounts of illicit proceeds of crime. However, due to incomplete data from the State Police and Carabinieri, it was not possible to obtain a full picture of the asset recovery efforts in Italy. The pursuit of illicit assets by the GdF relates largely to serious organised criminality, tax offences, corruption, fraud and assets related to ML, which are in line with the risk and context of the country. However, asset seizures and

confiscations related to TF offences and to a lesser extent drug-trafficking, were not being conducted in line with Italy's risk and context.

UIF and reporting entities regularly use Italy's legal framework to suspend suspicious transactions but is significantly less frequently used by LEAs and judicial authorities. Italy has sophisticated structures and processes to manage assets seized to avoid dissipation of the value of the assets. The ADM and the GdF concurrently administer the identification of falsely or non-declared currency/BNF and take action against violations. The significant number of violations is followed by robust detection, sanctioning and follow-up.

Italy is rated as having a Substantial level of effectiveness for IO.8.

Immediate Outcome 8

8.1. Prioritisation of asset recovery as a policy objective and using effective agency structures and cooperation frameworks

422. Italy has a strong legislative and operational framework that began to take shape into 1980 to 'follow the money' approach through conviction and non-conviction-based seizures and forfeitures, which it uses effectively to prioritise the pursuit of assets of criminals, especially for mafia-style organised criminal activity. Italian LEAs understand the importance of asset-tracing and recovery in achieving their objectives. The authorities have a clear asset-oriented approach to identify and to investigate crimes which is of great importance also for Italy's asset-recovery regime. This asset-oriented approach to identify and to investigate crimes has resulted in substantial amounts and a variety of assets seized and confiscated.

8.1.1. Prioritising asset recovery as a policy objective

423. The legal framework in Italy provides the comprehensive tools and essential elements for an effective asset recovery regime that emphasises a 'follow the money' approach particularly for organised criminal activity. All authorities involved in this have confirmed that they are following such an approach, and the authorities have all underlined the importance of asset recovery of illegal assets in achieving an effective overall law enforcement. The Minister of Interior's general prioritisation directive to all LEAs for 2025 includes the strengthening activity of mafia infiltration attempts relating to public works, major works and the intensification of combating ML in the context of the protection of the legal economy against mafia infiltration.

424. The main criminal investigative institutional structures in the country, especially those established to counter large scale organised crime that is prevalent in Italy, are empowered by the Anti-Mafia Code (AMC) and organised with the key objectives of tracing criminal assets and assets of criminals. In particular, the set-up of the DIA and its operational goal to investigate mafia-style criminal activity through preventive measures that includes asset-based measures against mafia-related individuals is a reflection of Italy's strong commitment in prioritising asset recovery as a policy objective.

425. All LEAs conduct financial investigations to support investigations into offences that can generate illicit proceeds. The LEAs use asset-tracing and recovery powers available under the Code of Criminal Procedure (CCP) and the Criminal Code (CC), and when useful to their investigations, the powers under the AMC. As the PP leads investigations in Italy, the expertise of the PP includes the use

of financial investigation techniques to support asset recovery. More highly experienced prosecutors are assigned to cases involving organised crime, including mafia-style criminality, reflecting again Italy's commitment to prioritising asset recovery as a policy objective.

426. In addition, the GdF is guided by the MEF's policy priorities which for the period 2024-6, highlighted the responsibility of GdF to prevent and to repress attempts to infiltrate crime, including transnational crime, into the legal economy through the in-depth analysis of suspicious financial flows, the identification and removal of assets and financial assets illegally accumulated by individuals and legal entities. The GdF also issues regular Strategic Goals and Operational Plans. Operational Plan Nos 34 which dates back to 2015 and is updated annually. This plan prioritises to "reconstructing the origin and/or destination of financial flows and assets of illicit origin, in order to identify the beneficial owner of the illegal proceeds generated by profit crimes and 'attack' the related assets with actual precautionary measures", which is done whenever "criminal relevant conduct" emerge and based on a list of "main trigger sources". The GdF is acutely aware of these high-level objectives and is operationally structured and resourced to achieve them.

427. Italy has not adopted a national strategy or policy for the collection of statistics for the asset recovery regime in its entirety covering all authorities involved in asset recovery (see paragraphs under effective agency structures and cooperation frameworks below). This may limit Italy's ability to evaluate its asset regime holistically and detect changes that may need to be made to the system as including coordination and broad use across authorities of financial investigations and international cooperation to support asset recovery.

8.1.2. Periodic review of asset recovery regime

428. The constant focus at the ministerial and agency level on going after the asset of criminals has resulted in the establishment over the years of the various sophisticated legislation and authorities for asset recovery and management. For example, the DIA issued a circular in 2023 on a new internal organisational structure of the peripheral branches of the DIA to be able to have adequate human and instrumental resources to provide absolute priority for its asset recovery mandate.

429. Through the issuance of regular internal circulars, the Director of the DIA assigns the territorial branches of the DIA, annual goals and objectives concerning preventive measures (non-conviction-based seizures and confiscations under the AMC). These review the success of the outcomes of the objectives of the previous year as well. The latest internal circular was issued in February 2025. The DIA also drafts six monthly reports to the Ministry of Interior which is tabled in Parliament to ensure that the DIA's resourcing remains current. Similarly, annual Strategic Goals and Operational Plans issued by the GdF underline the asset tracing and recovery measures that are central to every investigation. As noted above however, there is not a periodic review at the national level that includes all operational authorities involved in asset recovery in order to achieve a more effective resource distribution.

8.1.3. Effective agency structures and cooperation frameworks

430. Italy's criminal framework relating to asset-tracing and recovery depends on the legislation under which the investigation takes place. The 'traditional' framework for asset seizures and confiscation linked to investigations into crimes that yield proceeds is based on the Code of Criminal Procedure (CCP) and the Criminal Code (CC). Under these laws, seizure is primarily meant to prevent assets from being altered, dispersed or otherwise modified and confiscation is based on conviction.

431. Italy also has robust legislation that allows the LEAs to take preventive measures in relation to mafia-style crime through tough preventive measures focussed on facilitating the recovery of assets linked to specific serious crimes and depriving criminals of the assets at their disposal. This is based on

the AMC which targets the assets of persons who (i) are linked to organised; (ii) 'habitually' conduct criminal activities (including ML), i.e., persons who, in light of their conducts and standard of living, appear to be living, even in part, on the proceeds of criminal activity; or (iii) are suspected of TF (including natural and legal persons designated by the UNSC).

432. Measures under the AMC can be applied independently from the prosecution based (i.e. non-conviction based) on the key prerequisite being the potentially socially dangerous conduct of the subject (e.g., potential affiliation to a criminal organisation or involvement in certain serious crimes, including ML). Under preventive confiscation, the burden of proof is reversed if it is established that the person is habitually engaged in criminal activities or is living, even in part, from the proceeds of criminal activity. In anticipation of confiscation, provisional measures, such as the preventive seizure of property under the direct or indirect control of the accused or early seizure of assets can be applied.

433. The DIA is responsible for coordinating preventive investigations into organised crime and carrying out judicial police investigations exclusively for mafia-type crimes or mafia-type organised crime groups (see IO.7). With a focus on prevention, the DIA conducts strategic analysis on the criminal phenomena and their evolution, identifies areas at risk of ML and combats mafia infiltration in procurements and the potential involvement, even indirectly, of individuals with mafia-related criminal records in corporate entities. The DIA does this through investigations into the standard of living, the financial resources and the assets of the suspects/entities linked to organised crime as well as investigations into their economic activities to identify the sources of income of suspects often before a criminal report is registered.

434. The main objective of the GdF's action is to detect the many ways in which crime, including organised crime, can affect the free exercise of economic activities. Investigations on illicit assets are carried out through the identification of targets supported by its internal IT software such as Molecola (see IO.7) and based on parallel financial investigations, including through STR analysis and financial investigations before a criminal report is registered. This is aimed at reconstructing the real assets held by criminals for any subsequent asset recovery action.

435. Even though the State Police and the Carabinieri have a broader objective than the GdF, they do nevertheless conduct financial investigations to support investigations into offences that can generate illicit proceeds under the direction of the public prosecutor. These LEAs use asset-tracing and recovery powers available under the Code of Criminal Procedure (CCP) and the Criminal Code (CC), and, when useful to an investigation into organised crime (for example to pursue property of corresponding value), the powers under the AMC.

436. Financial investigations whether to support asset recovery or to build a case for prosecution, in all cases once the criminal case is registered, is led by the Public Prosecutor (PP). As with its role in criminal investigations, the PP can direct different LEAs to support asset recovery investigations based on their resources and expertise. As noted in IO.7, where special expertise is needed by the State Police and the Carabinieri for asset-tracing and recovery, the PP involves the GdF.

437. Assets seized and confiscated in Italy are managed by three agencies (i) the National Agency for the Administration and Destination of Assets Seized and Confiscated from Organized Crime (*Agenzia Nazionale per l'amministrazione e la destinazione dei beni sequestrati e confiscati alla criminalità* - ANBSC) which is in charge of the administration, management and custody of assets other than funds definitely confiscated, (ii) the *Fondo Unico Giustizia* (FUG), which is in charge of the administration of seized and confiscated funds and (iii) the *Agenzia del Demanio*, which is the central authority in charge of the administration, management and custody of public property. The International Police Cooperation Service within the Criminal Police Central Directorate acts also as Assets Recovery Office (ARO) through which the LEAs seek international cooperation on asset recovery relating to information that does not require formal judicial authorisation and are conducted on the basis of bilateral agreements

(see IO.2). Finally, LEAs, in particular the GdF and the DIA also coordinate with the UIF on STR information (see IO.6) which is used heavily in asset-tracing for identification of assets for seizures and confiscations.

438. The domestic authorities have cooperation and coordination mechanisms with each other based on bilateral or multilateral MOUs through which information is exchanged. The GdF in particular, has strong networks through MOUs with the different authorities that support its broad range of activities which has contributed to its asset recovery efforts. As noted above, to achieve even more proactivity, broad and systematic coordination, a comprehensive national statistics collection on asset recovery that involves all relevant authorities would enhance coordination through even more proactivity, broad and systematic coordination with common understanding on the prioritisation of asset recovery and the roles and expectation at all stages of the process and across all agencies.

8.2. Identifying and tracing criminal property and property of corresponding value

439. The DIA's investigations into the standard of living, the financial resources and the assets of the natural and legal persons linked to organised crime as well as investigations into their economic activities to identify the sources of income, support both the tracing of criminal property for seizure and confiscation, including property of corresponding value where the criminal property has been dissipated. Following its internal policies as reflected in its Circular 335160 (issued in November 2013 and updated in February 2022), the GdF conducts parallel financial investigations as soon as an investigation is initiated and even before a criminal case is registered. They do this using sophisticated databases and IT tools that are able to draw linkages across different open and confidential databases (see IO.7), to develop evidence and identify criminal property and property of corresponding value for seizure and confiscation. Potential assets are thus identified at an early stage to minimise dissipation once criminals realise that they or their assets are being investigated. Where there are cross-border links, the GdF also utilises international cooperation tools and networks to identify property abroad for the purpose of confiscation (see IO.2). Both the DIA and the GdF receive directly and routinely STRs and operational analysis from UIF, and this information is also instrumental to the asset-tracing and identification before the crime is registered (see case studies below as well as in IO.6).

Table 8.1. Value of asset seizure/confiscations resulting from STR information (in Euros)

	2020	2021	2022	2023	2024	until May 25
GdF investigations seizures	NA	615 940 103	2 827 454 758	423 843 192	1 445 990 168	251 357 808
GdF investigations confiscations	NA	27 391 913	6 391 409	51 846 476	94 398 922	1 446 321
DIA investigations seizures	71 309 233	149 466 083	44 930 963	65 225 108	72 937 268	6 574 049
DIA investigations confiscations	50 045 842	99 038 363	171 868 011	84 149 885	122 154 317	12 290 000

440. The State Police and the Carabinieri also carry out financial investigations as directed by the PP to support their investigations in line with their more general mandate to maintain public order and to investigate all types of crime. These LEAs routinely conduct asset tracing in order to identify property for seizure and confiscation. In line with the type of investigations, most asset-tracing and recovery are conducted based on the CCP and the CC rather than preventive measures under the AMC, although this occurs where appropriate. As with IO.7, the State Police and the Carabinieri do not have access to all

the sophisticated IT-tools used by the GdF (for example the Molecola), but in cases where this is needed, the PP is able to involve the GdF in the investigation for this purpose. As this is only done after a criminal report has been filed, the risk of asset dissipation increases.

Box 8.1. Complex financial investigations resulting in confiscation

Confiscation from a fiduciary company running an ML scheme (GdF)

The GdF was tasked by the PP to conduct investigations into a Swiss fiduciary company operating in Milan. Investigations included cross-border surveillance in co-operation with Swiss authorities. Switzerland (where the fiduciary company was based) and France (home to the company that received the bribe) conducted parallel investigations in coordination with the Italian proceedings.

Investigation revealed the role of the fiduciary company in a complex illicit mechanism to transfer capital (over EUR 20 million) abroad to evade tax and to create a slush fund to be used for subsequent bribery payments.

In 2021, two suspects were arrested for setting up and managing the ML scheme. Approximately EUR 20 million was seized in Italy.

In relation to a Milan-based company involved in the ML, administrative liability was established under LD 231/2001 due to organisational shortcomings and judicial administration measures were applied under the AMC for 8 months, during which a thorough restructuring of the company's governance resulted in a significant strengthening of internal controls and compliance systems.

Based on a plea agreement, the company was fined EUR 250 000, and EUR 8.8 million was confiscated. The court also confiscated EUR 3.3 million from the off-shore bank accounts of the two suspects through a plea bargain. The suspects pleaded guilty to creating and managing a laundering scheme and each was sentenced to three years and four months of imprisonment for ML (article 648-bis CC).

In total, EUR 12.1 million were definitively confiscated in relation to this case.

Catania criminal security operation (DIA)

Two entrepreneurs linked to a prominent boss from Cosa Nostra, acting as their long hand, managed over several years, to create a genuine business network of cleaning service companies, waste treatment and disposal firms, real estate enterprises, and the management of a seaside resort located along the Catania coastline.

DIA investigators analysed 40 years of their economic and entrepreneurial history (from construction worker to a businessman connected to the mafia boss to become a wealthy entrepreneur with links to politics finance and business networks. DIA reconstructed the entrepreneur's assets and financial flows through financial investigations and STR analysis. The complex investigation revealed a standard of living and investments supported by massive financial resources that could not be justified by the legitimate personal or corporate income. One modus operandi of the entrepreneur was to avoid detection was through repeated loss-making and insurance redemptions.

The DIA initiated an asset seizure process in 2021. In 2024, across several cities, DIA executed the confiscation of eight real estate properties, 14 companies and several financial assets with a total value of EUR 100 million.

8.3. Freezing and/or seizing criminal property and property of corresponding value

8.3.1. Active pursuit of provisional measures resulting from financial investigations

441. The statistics in the table below (Table IO.8.2) show that during the evaluation period, over EUR 20.5 billion of assets were seized to support the asset recovery of criminal activity. More than 80% of the seizures were made by GdF, which reflects the operationalisation of its strategic prioritisation on asset recovery. More than half of the seizures by DIA are based on preventive measures under the AMC. Although that DIA has similar priorities, its investigations are significantly more complex, identifies fewer targets and it can take over a year to reconstruct the business dealings of entire mafia families and as such their seizures are not comparable to GdF's. Considering the large number of criminal investigations the State Police and the Carabinieri across the country, their low asset seizures as reflected, indicates that there is not sufficient high-level direction and resourcing to contribute to more asset recovery.

Table 8.2. Asset Seizures – by different LEAs (in Euros)

	2020	2021	2022	2023	2024	Until March 2025	Total
GdF	2 296 219 027	3 577 472 627	3 001 735 546	2 244 818 974	4 501 253 052	1 081 602 087	16 703 101 313
DIA	401 379 519	451 887 907	338 222 235	107 231 854	120 824 758	26 169 014	1 445 715 386
Carabinieri	307 565 614	473 462 797	153 969 120	147 075 495	121 174 980	15 795 094	1 219 043 100
State Police	176 069 519	237 408 030	397 718 347	359 725 470	85 467 783	8 650 997	1 265 040 146
Total (all LEAs)	3 181 233 679	4 740 231 361	3 891 645 248	2 838 851 793	4 828 720 573	1 106 048 178	20 586 730 931

442. Data provided by Italy reflected that asset seizures are largely in line with the ML and predicate offences risk in Italy with the bulk of the seizures relating to tax evasion and tax offences (52%) and significant seizures relating to corruption (10%), bankruptcy and corporate offences (9%) and mafia-type organised crime (7%), although less so for fraud (6%) and drug trafficking (5%). No asset seizures were reported relating to TF. As noted in IO.10, while assets and economic resources of over EUR 2 billion remain frozen, no new TFS funds were identified or reported as frozen with regards to UNSCRs 1267 and 1373 since 2010, nor was there any instance where relevant assets or economic resources of a designated individual or entity, found.

443. Based solely on data on seizures from the GdF and the DIA, about a third of the seizure amounts relate to ML (see table 8.3). The largest proportion of ML seizures by GdF (more than 60%) relate to tax evasion and tax crimes. Data provided indicates that 40% of seizures made by GdF and DIA relate to seizures of property of corresponding value. The State Police and the Carabinieri have declared that they are also pursuing and seizing property of corresponding value but no data was presented to support that statement. By value, the bulk of GdF seizures over the evaluation period were financial accounts and real estate.

Table 8.3. Asset Seizures relating to ML (in Euros)

	2020	2021	2022	2023	2024	Until March 2025	Total
GdF	525 445 210	1 253 464 578	1 334 568 860	867 615 979	1 086 738 509	215 834 090	5 283 667 226
DIA	18 825 100	162 103 045	206 883 888	1 209 834	5 253 282	2 037 657	396 312 806

8.3.2. Expeditious measures

444. Under Italy's AML Law (see criterion 4.3), the UIF is empowered to suspend suspicious transactions for a maximum of five working days. This can be triggered directly by the reporting entity or initiated autonomously by the UIF, since it carries out daily checks to identify and evaluate STRs where transactions yet to be executed. It can also be done also at the request of qualified authorities, such as the GdF, the DIA, judicial authorities or at the request of a foreign FIU. The UIF has internal operating procedures and dedicated resources in the Division of the Suspicious Transactions Directorate, to this process. Where a suspension procedure is carried out, the UIF promptly shares the information with relevant LEAs to verify that the suspension would not prejudice an ongoing investigation and whether they have any interest in adopting provisional measures; feedback is received quickly.

445. The statistics in the table below (Table 8.4) reflect the frequency of the suspension procedures having taken place over the assessment period. More than 80% of suspensions triggered by reporting entities related to insurance policy redemption and were triggered by insurance companies themselves to be able to obtain more time for evaluation considering maximum of thirty days available to execute the insurance policy redemption. Approximately 10% of suspensions related to wire transfers and were triggered by banks. In particular, only one suspension was triggered by an LEA in 2020, which resulted in the suspension of EUR3.7 million. Of the number of transactions evaluated, nine related to TF. None of the transactions related to TF were ultimately suspended.

446. Despite the increasing risks in Italy related to fraud, suspension activity has decreased, in recent years. Italy attributed this to the increase in the use of instant payments often used in fraud cases, which makes it difficult to intervene quickly enough to suspend the transfer. As a result, the preference is to submit STRs and develop banking monitoring systems to block transactions before they are executed. However, there is no evidence that shows that bank transfers have decreased because of more instant payments. The number of requests for suspension from the GdF, the DIA or the judicial authorities is very small. While GdF's preference is to use the powers under the AMC, CCP and CC, to seize property at an early stage, the purpose of the suspension and preventive seizure measures are not the same. Against this background, LEAs and judicial authorities in Italy are not making full use of the possibility to trigger an evaluation for suspension.

Table 8.4. Suspensions of Suspicious Transactions

	2020	2021	2022	2023	2024	until May 25
Transactions evaluated for suspensions						
Total Numbers	308	227	212	183	188	54
Triggered by UIF	68	67	90	85	78	15
Triggered by REs/ LEAs/ judicial authorities	240	160	122	98	110	39
Transactions suspended (domestic entities)						
Numbers	37	30	32	25	208	6
Triggered by UIF	11	10	4	9	9	1
Triggered by REs	25	20	28	19	19	5
Triggered by LEAs/ judicial authorities	1	0	0	0	0	0
Total amount suspended (EUR)	13 million	18 million	108.7 million	8.7 million	4.7 million	½ million
Transactions suspended (from foreign FIUs)						
Triggered by foreign FIUs	29	53	53	52	75	41
Total amount suspended (EUR)	493 800	0	0	0	0	0

8.4. Managing frozen or seized property to preserve its value

447. In all cases, the application for seizures is made by the PP or the DIA, and decided by the court, after which a judge is appointed to be responsible for the management of the seized assets. Moveable property is kept in the custody of the police or Bank of Italy (BoI), depending on the value. Perishable assets can be sold or destroyed on the authorisation of a judge.

448. For property seized and confiscated under the AMC, the assistance to the judiciary on the management of these assets are tasked to the National Agency for the Administration and Destination of Assets Seized and Confiscated from Organised Crime (ANBSC) established in 2010 under the AMC LD 109/2011. For all other assets, the management is governed by the CPC. The mechanics of both processes are generally similar.

449. Judicial administrators chosen from among the members of the National Register of Judicial Administrators may also be appointed to manage assets that require active management to conserve their value. The judicial administrator has the status of a public official and must diligently carry out the duties of his office and are appointed based on the expertise required related to the nature and size of asset to be managed. The judicial administrator may also obtain the assistance of other experts where needed. On the assets, the judicial administrator will make proposal that needs to be authorised by the director of the ANBSC for AMC asset recoveries and by the judge all other asset recoveries. and annually provide and update to account for the assets. This is done in line with the national strategy for the valorisation of seized and confiscated assets through cohesion policies to facilitate the effective and efficient use of real estate and business assets confiscated from organised crime.

450. Under this framework, Italy has managed a variety of assets which include companies, expensive vehicles, yachts, real estate, shares, securities and bonds, amongst others. In light of the mafia phenomena in Italy where there is a well-known typology relating to control of businesses, Italian authorities demonstrated that they have considerable experience in the judicial administration of working businesses and corporations that have been seized.

8.5. Confiscating and enforcing confiscation orders

8.5.1. Criminal property and property of corresponding value located domestically

451. Confiscation levels have been maintained at regular and healthy levels by the authorities that are central to Italy's asset recovery regime. DIA confiscates over 70% of its asset seizures, which is reasonable as it operates mostly under the AMC under which non-conviction confiscations are anticipated. GdF routinely uses both conviction and non-conviction-based confiscation and confiscates about 35% of its asset seizures. In total, assets valued at about **EUR 7 billion** have been confiscated by the GdF and DIA over the evaluation period. As stated above, the State Police and the Carabinieri have declared that those authorities are pursuing and seizing property of corresponding value but no data was presented to support that statement (see 443). Likewise, data regarding confiscations resulting from the seizure of property of corresponding value in investigations carried out by the State Police and the Carabinieri is not available and as a result it is not demonstrated to what extent these authorities are pursuing assets through confiscation.

Table 8.5. Asset Confiscation– by GdF and DIA (in Euros)

	2020	2021	2022	2023	2024	Until March 2025	Total
GdF	797 009 826	1 363 762 978	1 568 060 523	748 140 120	1 081 845 653	263 556 904	5 822 376 004
DIA	223 245 593	237 902 700	224 890 081	164 564 544	160 898 454	31 713 531	1 045 214 903

452. Approximately 13% of confiscations by the GdF relate to ML, while only 0.08% of confiscations by DIA relate to ML (see Table 8.6 below) which appears low considering DIA's focus on serious organised crime. Data provided by Italy reflected that asset confiscations are largely in line with the ML and predicate offences risk in Italy with the bulk of the seizures relating to mafia-type organised crime (50%), fraud (12.5%) and tax evasion and tax offences (15%), although less so for corruption (4%) and drug trafficking (2.5%). No asset confiscations were reported relating to TF. Seizures and confiscations under the AMC can be challenged on grounds that the underlying criminality does not relate to mafia-style criminality and Italian authorities noted that their asset recovery efforts under the AMC are regularly challenged on this basis. Thus, despite the broad powers, there remains a need for the authorities to identify and address challenges to the pursuit of asset recovery under the AMC.

Table 8.6. Asset Confiscations relating to ML (in Euros)

	2020	2021	2022	2023	2024	Until March 2025	Total
GdF	170 819 040	221 469 151	99 623 497	41 726 668	151 598 015	55 497 351	740 733 722
DIA	80 000	0	0	0	502 000	7 918 875	8 500 875

453. As with seizures, although Italy's legislation provides for the confiscation of property of corresponding value and this is a tool used mostly by the GdF and the DIA (under the AMC), only limited figures were provided as to how frequently this was used. The bulk of ML confiscations by GdF was confiscations under article 240 bis CC²² and related to assets of corresponding value. No data was presented that shows to what extent the State Police and the Carabinieri confiscate property of corresponding value relating to ML. There was no data to demonstrate the extent to which asset confiscations relating to TF or other crime types were being conducted.

Table 8.7. Types Asset Confiscations relating to ML (GdF only) (in Euros)

	2020	2021	2022	2023	2024	Until March 2025	Total
Direct and corresponding value	7 132 996	12 496 932	51 753 071	10 092 616	77 775 322	2 052 015	161 302 952
Under article 240 bis CC	114 747 457	168 526 131	30 099 406	14 923 190	44 649 163	52 455 163	425 400 510
Non-conviction based	48 938 587	40 446 088	17 771 020	16 710 862	29 173 530	990 173	154 030 260
Conviction-based confiscation	7 132 996	12 496 932	51 753 071	10 092 616	77 775 322	2 052 015	161 302 952

8.5.2. Criminal property and property of corresponding value located abroad

454. As noted in IO.2 as well as case studies reflected in IO.7, there are cross border linkages to many ML and other economic offences investigated in Italy. The GdF in particular, and the DIA to a lesser extent, seek international cooperation to recover criminal property and property of corresponding value located abroad, resulting in significant assets located abroad that have been seized and confiscated over the evaluation period. Over the evaluation period, the State Police, obtained seizures for EUR 710 399 and confiscation of EUR 330 583 of illicit assets from their investigations located abroad. The

²² Confiscation on 'money, goods and other items of value of which the individual convicted cannot justify the provenance' and of which 'he or she has the availability under any title in a value disproportionate to his or her income, declared for his or her income tax purposes, or his or her economic activity' (article 240-bis of the Criminal Code).

lower amount is in line with the type of investigations conducted by the State Police which have less cross-border linkages. The Specialised Operational Group (R.O.S.) within the Carabinieri deals mainly with organised crime and financial investigations, as well as terrorism and TF, both at the national and international level (see IO.7) and cross border linkages would be expected in relation to their investigations. However, based on only limited information provided, it was not possible to draw conclusions on the extent to which the Carabinieri pursues assets abroad.

Table 8.8. Recovery of assets abroad (in Euros)

	2020	2021	2022	2023	2024	Until March 2025	Total
Seizures – assets abroad							
GdF	15 052 434	43 363 138	34 434 650	15 189 742	535 752 671	28 874 843	672 667 478
DIA	51 574 492	1 381 532	5 513 612	2 150 000	1 500 000	No data	>62 119 636
Confiscation – assets abroad							
GdF	6 734 514	1 807 445	11 672 919	200 000	407 694. 957	25 240 378	453 350 213
DIA	5 809 979	50 553 000	30 624 190	3 145 691	1 500 112	No data	>91 632 972

Box 8.2. Seizures of assets located abroad

In 2021, the GdF uncovered illegal betting, tax evasion, fraud and ML activities to promote the interests of a mafia-type organised criminal group. Investigations starting from the close examination of an STR that revealed Italian criminal connections to gaming platform owned by a Maltese company.

The owner of the Maltese company had evaded income tax for over EUR 30 million which was mixed with the volume of bets collected. The betting amounts and the proceeds of evasion then flowed into the accounts of the Maltese company and were further laundered through the acquisition of land, buildings and companies.

Significant assets in Italy, Malta and Poland of the association that were seized consisted of eight bank accounts, 17 real estate properties, five movable properties, five business activities, to a total value of EUR 80 million, as well as to find cash of EUR 180 000 hidden in the false bottom of a car.

At the conclusion of the investigation, following a plea bargain, the suspects were convicted and all assets based in all three countries were confiscated in 2022.

8.6. Returning confiscated property to victims

455. Once confiscated, legislation under the CCP and the AMC allows the courts to return assets to the rightful owners, including through authorising the sale of assets in order to compensate the victim. For criminal confiscations, the Italian law provides that ‘the rights of the person injured by the crime to restitution and compensation for damages’ are guaranteed.²³ In practice, the victim must ‘become a civil party’ in the criminal proceedings and request the restitution of the asset that was seized. No data was provided to the AT as to the extent to which confiscated property was directly returned to victims, particularly victims of fraud where the link between the victims and the proceeds is clear.

456. However, Italy has a mechanism under the AMC whereby the court may authorise the sale of movable assets, including securities and corporations and the proceeds paid to the Single Justice Fund

²³ Art. 104-bis, paragraph 1-sexies, implementing provisions of the Code of Criminal Procedure

which is aimed at compensating victims. In addition, Italy has legislation that provides for the possibility confiscated assets such as real estate, from organised crime to be "returned to the community" for public use or social purposes. One example provided was sending confiscated art works for museums to display to through travelling exhibitions. Vehicles could be used by law enforcement officers to avoid damage from non-use. In all other cases, assets are sold and the proceeds become property of the State.

8.7. Identifying and confiscating falsely or undeclared currency/BNIs or those related to ML/TF or predicate offences

8.7.1. Identifying and seizing non-declared or falsely declared cross border movements of currency and BNI

457. The *Agenzia della Dogane e Monopoli* (ADM), which is the customs administration of Italy, and the GdF, concurrently administer the identification of falsely or non-declared currency/BNI and take action against violations. Unlike the GdF, the ADM does not have broad enforcement and judicial powers beyond its mandate in the area of customs regulation. The ADM manages the cash declaration mechanism and identifies violations through various detection methods. The use of their Customs Currency Circuit (CDV) takes into account routes, subjects, airline slots, currency and violation reports, import and export information and other information from various databases to select people for more in-depth checks against their currency declarations.

Table 8.9. Currency violations detected by the ADM

	2020	2021	2022	2023	2024	Until May 2025
Nos of violations detected	3 247	6 139	7 356	7 114	7 978	2 853
Amount detected from violations (in EUR)	49.7 million	88.5 million	131.9 million	145 million	120.1 million	39.9 million
Settlements through penalties on the spot (obligations in EUR)	3 109	5 901	7 099	6 842	7 729	2 757
Amounts collected through obligations	1.4 million	2.6 million	3.3 million	3 million	3.3 million	2.2 million
Nos of seizures	138	238	263	272	249	96
Amount seized (in EUR)	3.2 million	3.2 million	15.5 million	24.7 million	6.5 million	1.4 million

458. The GdF's surveillance regarding illicit cash is focussed on ML and fraudulent trafficking of currency which includes movement of cash across borders. As such the intelligence that underlies the GdF's selection for checks include police intelligence and investigative skills which is particularly useful at Schengen land borders. The GdF has sophisticated surveillance equipment such as mobile vans equipped with video and data recording technology as well as number plate recognition systems. They also have specially trained dogs to recognise the scent of watermarked paper and ink used in banknote printing which are used at airports and border crossing. Most cross border interventions by the GdF are conducted with the cooperation of ADM. Based on the GdF's data, more than 80% of violations come from and are destined for outside the EU which is in line with the NRA findings that the main countries where undeclared cash comes in from are Switzerland, Türkiye and UAE, and is destined to are Egypt, Morocco and Albania.

Table 8.10. Currency violations detected by GdF

	2020	2021	2022	2023	2024	Until June 2025
Nos of violations detected	3 339	6 292	7 475	7 381	8 347	3 586
Amount detected from violations (in EUR)	517 million	218 million	179 million	173 million	200 million	83 million
Settlements though penalties on the spot (obligations in EUR)	N.A.	N.A.	N.A.	2 million	3 million	3 million
Amount seized (in EUR)	4.5 million	4 million	6 million	7 million	8 million	2 million
Number of violations that resulted directly in new ML investigations	0	9	14	6	1	4
Nos of violations that resulted in other investigations	N.A.	78	50	34	58	147

459. Violations detected by the GdF have resulted in a large number of investigations, most of which relate to tax evasion, as well as 34 ML investigations. Violations detected by the ADM may be communicated to the police for ML investigations. During the evaluation period, the ADM filed 37 reports to the judicial authority concerning ML that resulted in seizures amounting to EUR 87 million. More commonly however, violations are reported to the UIF which are used to develop financial intelligence (which may ultimately lead to ML investigations). During the evaluation period, the ADM forwarded 582 reports to the UIF, of which 427 concerned cross-border cash movements amounting to EUR 23 million. The ADM also has a cooperation arrangement with the DNA under the DNA-ADM Technical Protocol, pursuant to which the ADM forwards reports to the DNA. Over the evaluation period, the ADM forwarded 130 reports to the DNA, of which 101 reports were related to cross-border cash movements.

460. An MOU between the ADM and the GdF sets out the cooperation and coordination mechanism in this area which has resulted in some operational cooperation between the ADM and the GdF. For example, they can exchange information on cash declarations, declarations compiled in cases of unfulfilled obligations and information on sub-threshold amounts suspected to be related to criminal activity via the Anti-Fraud Information System (AFIS) portal. Italy has explained that coordination is based on the scope of their respective operational and institutional responsibilities and priorities, in full respect of mutual competences and institutional responsibilities as well as rationalization of action in the field. There remains scope for greater clarity on how they work together in practice in a manner that avoids duplicity, to ensure each authority is appropriately resourced, to ensure appropriate sanctions are being applied to violations and that as well as on follow-up criminal and ML investigations arising out of violations.

8.7.2. Confiscation of currency or BNI related to ML/TF or predicate offences

461. Based on the data, over EUR 665.4 million has been seized from currency declaration violations at Italian borders by both the ADM and the GdF over the evaluation period, which is a substantial amount. Both the number of violations and consequently seizures have also increased over the five years. Based on this, Italy would benefit from even more enhanced resourcing, efficient coordination and strong enforcement among the border authorities.

8.7.3. Sanctions

462. Anyone who enters or leaves Italy and transports cash/BNI of EUR 10 000 or more must declare this to the ADM. When there is no suspicion of an underlying crime such as cash smuggling or money laundering, the authorities apply an administrative process with fines as a consequence (see

Recommendation 32). Sanctions range from EUR 300 in addition to an increasing percentage of the undeclared value over the threshold. The significant number of violations have been followed with corresponding sanctions (Table 8.11) imposed, reflecting the large volume of fines imposed.

463. A reduced on the spot payment, known as an oblation, may be paid for undeclared case EUR 40 000 or less, where the violation is not disputed or where an oblation has not been recorded in the past five years. Oblations range from EUR 200 in addition to an increasing percentage of the undeclared value over the threshold. The amounts collected based on oblations are not significant compared to the fines imposed, as reflected in tables IO.8.9 and IO.8.10 above.

Table 8.11. Sanctions issued by Ministry of Economy and Finance

	2020	2021	2022	2023	2024	Until June 2025
Nos of sanction decrees	242	255	226	276	315	116
Sanction amount (in EUR)	551 350 600	2 629 351 750	349 034 700	509 603 363	3 430 047 821	139 021 930

9 Terrorist financing investigations and prosecutions

The relevant Immediate Outcomes considered and assessed in this chapter is IO.9 The Recommendations relevant for the assessment of effectiveness under this chapter are R. 5, 30, 31 and 39 and elements of R. 1, 2, 15, 32, 37 and 40.

Key Findings, Recommended Actions, Conclusion and Rating

Key Findings

- a) Italy identifies TF cases mainly through STRs, financial investigation, and intelligence information, and to some extent through parallel TF investigations. In particular, the sophisticated analysis of TF-related STRs by UIF and GdF has resulted in a significant number of complex stand-alone TF investigations being pursued over the evaluation period.
- b) Italian authorities conduct financial investigations into TF activity parallel to its investigations on terrorism, through which potential terrorists or terrorist financiers, including those who raise or use their own funds or move low levels of money to support terrorist activity are identified. However, these simple TF cases are generally not pursued further. On the other hand, complex stand-alone TF investigations are more actively pursued.
- c) Prosecutors actively pursue complex stand-alone TF prosecutions and are generally successful in obtaining convictions in the TF cases that it prosecutes. However, there have not been prosecutions for legal persons and Italy does not track the types of TF activity (e.g. the modality of the financing) it pursues. Sanctions imposed for TF are somewhat lower considering the type of prosecutions pursued (i.e., complex stand-alone activity), although they are similar to sanctions applied for other terrorism-related offences in Italy.
- d) While TF information based on STR and other financial analysis is shared amongst authorities that also make operational and strategy decision on CT, especially within the CASA mechanism, TF investigation, prosecution and conviction do not clearly feed into Italy's CT priorities or strategies.
- e) Italy appropriately uses alternative measures against TF activity where it is not able to obtain a conviction, with the exception of non-conviction-based confiscation which is not used to disrupt terrorist financiers.

Recommended Actions

Italy should:

- a) in cases involving simple TF where individuals are moving small amounts of funds, more actively pursue the evidence to enable more successful prosecution of this type of TF activity.
- b) through the collection and analysis of data on the types of TF prosecutions conducted, seek to further understand the types of TF activity it pursues to be able to monitor whether this is in line with its TF risks.
- c) strengthen the training of magistrates on determining penalties, their proportionality and dissuasiveness, particularly in cases of particular gravity.
- d) further ensure that counter-terrorism authorities at the national level incorporate information obtained from TF investigations, prosecutions and convictions into their strategic counter-terrorism frameworks and policy documents to support national counter-terrorism purposes and activities.
- e) use non-conviction-based confiscation measures available under the Anti-Mafia Code to disrupt suspected TF activity, where criminal prosecution in court and conviction are not practical.

Overall Conclusions on IO.9

Italy's authorities are systematically identifying complex, stand-alone TF activity through the use of financial intelligence and other intelligence and investigative information, as well as financial investigations into simple TF activity involving small transfers. Most TF cases that proceed further are focused on complex TF activity and less so where terrorists or terrorist financiers raise or use their own funds for terrorist activity ('self-financing'), or move small sums of money, which are considered highly relevant in the context of Italy as identified in the NRA. Although this raises some concern that Italy is not prosecuting different types of TF cases in full alignment with its TF risks, greater weight has been given to the fact that prosecutors pursue complex stand-alone TF cases actively, and are generally successfully obtaining convictions for them.

Considering the fact the type of TF prosecutions pursued, apart from several high-profile cases, sanctions imposed are on the lower end of the spectrum. Italy appropriately pursues alternative measures, where it is not able to obtain a conviction, but non-conviction-based confiscations are not used to disrupt terrorist financiers.

While TF information based on STR and other financial analysis is shared with amongst authorities that also make operational and strategy decision on CT, especially within the CASA mechanism, TF investigation, prosecution and conviction do not clearly feed into Italy's CT priorities or strategies.

Italy is rated as having a Substantial level of effectiveness for IO.9.

Immediate Outcome 9

9.1. TF activity identified and investigated

464. As informed by its NRA, Italy has a good understanding of its TF risks which is characterised as medium or 'rather' significant (see IO.1). The most usual modes through which TF takes place is through the use of pre-paid cards, money transfers and hawala networks. Self-radicalised and other terrorists using cash and small sums of money – often legitimately obtained – to fund preparation for attacks represents a very significant type of TF activity for Italy.

9.1.1. Identification and investigation of TF activity

465. TF activity is primarily identified through the following triggers (i) STRs and financial investigation independent of terrorism investigations, and (ii) other intelligence information. It is secondarily identified through financial investigation conducted in parallel to ongoing terrorism cases.

466. As the first stop for the analysis of STRs, UIF clearly prioritises the analysis and dissemination of STRs related to TF (see IO.6) so that there is no delay for the intelligence to be used to start new TF investigations or support TF investigations already opened. Over the evaluation period, UIF received 2218 STRs related to TF, all of which were reviewed and disseminated to the GdF, DIA and DNA, and since 2022, also directly to the Carabinieri. Italy also maintains a process to reclassify STRs as TF-related that had been originally flagged as ML-related based on non-financial intelligence by GdF accessed through other Committee for Strategic Counterterrorism Analysis (CASA) members (see below) to re-categorise STRs and provide feedback to the UIF. Operational directives and communication flows, provide specific instructions to GdF on how to analyse, develop and treat STRs relating to TF. GdF uses a broad range of investigative tools, such as bank account analysis, wiretapping, etc., to supplement the STRs during a formal TF investigation.

467. Outside of STRs, Italy's LEAs, particularly GdF, can conduct financial investigations where analysis of financial flows may also lead to the identification of TF activity. For example, document or cash flow analysis when conducting tax investigations may reveal links to cells or organisation of a terrorist nature, or resulting from possible cases of terrorist acts. However, identification of TF activity through these means by the Italian authorities is rare.

468. Identification of TF activity can also occur in coordination with other domestic authorities through the CASA, established in 2004, which is a multi-agency platform for the strategic and tactical assessment of terrorist threats. LEAs and intelligence services participate on this platform through high-level coordination and decision-making. Aside from the four police forces, Italy's intelligence agencies, including the Department of Security Information (DIS), also contribute to CASA.

469. CASA holds weekly meetings where TF-related information, including STRs and reports from foreign FIUs are shared, and anomalies are discussed among other topics. Intelligence, including TF-related intelligence, shared during these discussions is a valuable trigger for new TF investigations. Italy monitors the anomalous use of cash that could indicate TF-related *hawala* networks through its tracking tools. As described above, the information on terrorist activity shared amongst CASA members has also been used to re-classify STRs which may trigger for TF investigations. Between 2020 and 2024, there were 686 instances of STRs originally classified as ML that were re-classified by the GdF to be related to TF. These (i.e., TF-related STRs and associated analysis, corroborated by terrorism-related information from CASA and international counterparts) have led to Italy identifying additional complex TF activity. For example, as part of a TF-related law enforcement operation, Italy identified about 140 suspicious

remittance transactions processed through 17 money service businesses, which were then cross-referenced with international financial data obtained through EU channels.

Box 9.1. Operation Foreign Fighters

The investigation (2016 to 2019) and prosecution were carried out by several Italian authorities against a complex TF network involved in the transfer of funds to Syrian terrorist groups. The case resulted from STR analysis conducted by UIF on the financial activities of an Al-Qaeda terrorist cell in Sardinia. UIF originally focused on this cell for their analysis because Italian authorities had successfully executed a CT operation against the cell in. The UIF's analysis outlined a network of individuals, some of whom were connected to Italy-based car dealerships and migrant smuggling activities involved in money transfers through third-country jurisdictions and then onwards to Syria.

GdF began an investigation based on the UIF analysis and identified financial flows from around 30 suspects through Sardinia and the Lake Como area. At the direction of the prosecutor, GdF used undercover operations and sought international cooperation with Europol and Sweden to build evidence to prosecute for TF activity. The investigation was completed in 2020. In 2024, prosecutors successfully obtained final convictions for TF against three natural persons, one of whom was sentenced to eight years imprisonment.

470. In Italy, as with ML, all LEAs have the competency to investigate TF offences. The focus of the State Police (SP) is largely on more general offences. The Specialised Operational Group (R.O.S.) is the investigative arm of the Carabinieri which deals with organised crime and terrorism, both at national and international levels. The SP and Carabinieri have significant numbers of personnel dedicated to counterterrorism investigations and may receive some training in analysing financial flows. Both authorities usually investigate potential TF as part of their traditional terrorism investigations by gathering financial evidence during the investigation (such as receipts or cash), obtaining bank, VASP, e-money institution, and other corroborating information from intermediaries, and conducting financial transaction analysis. In practice, these parallel financial investigations by the SP and Carabinieri sometimes undercover movements of small sums of money or self-financing, which would less likely be caught by STRs or other autonomous financial flow analysis conducted by the UIF or GdF. Unlike other types of STRs, the Carabinieri can receive TF-related STRs directly from UIF upon the Carabinieri's request. However, this has only occurred three times since the channel was established in 2022 in relation to urgent cases, as the Carabinieri relies mostly on CASA channels for receiving STR-related information.

471. GdF has unique tools, such as the expertise to analyse STRs, identify and pursue complex financial investigations as well as access to a very broad range of databases (see IO.7), and is thus well resourced to identify and investigate complex stand-alone TF. It has approximately 50 personnel dedicated to TF spread across its NSPV and three specialised field units in Milan, Rome, and Naples, supported by a further 2 000 units covering the rest of the country who may conduct TF identification. When GdF initiates TF investigations, they are entered into the PP's database which will show matches with on-going terrorism investigations. While the constant exchange of information is coordinated by the PP, traditional terrorism investigations and GdF's stand-alone TF investigations, generally remains separate. The GdF is generally delegated by the PP to investigate complex TF-related matters.

472. This specialisation relating to the identification and investigation of TF, allows the GdF to build strong expertise to handle complex, stand-alone TF activity. The SP and Carabinieri focus instead on more simple TF activity in the course of their terrorism investigations.

9.1.2. Investigations identifying the specific role of terrorist financier

473. As with ML, TF investigations are led by prosecutors. All terrorism-related cases, including TF cases, are prioritised for investigation by the prosecutors regardless of their significance due to the serious nature of terrorist threats. On average, Italy pursues around 100 TF investigations per year, both into complex, stand-alone TF and simple TF activity. The deficiencies related to the alignment between the prosecutors' activities and objectives and the risks identified, as outlined in the introduction/IO.1, also apply to TF cases.

474. GdF's resources and expertise in conducting investigations through being able to link data to follow financial flows (IO.7) apply also to the investigation of TF offences. GdF's use of investigative tools such as sophisticated surveillance methods, including electronic surveillance, undercover operations and wiretapping as well as its involvement in border controls (see IO.8) allow it to pursue complex TF investigations. This can be particularly useful in cases involving informal methods of money transfer like hawala mechanisms and rechargeable payment cards, that are often used for TF.

475. In addition, GdF's international cooperation networks particularly within the European framework are also useful considering the cross-border nature of TF activity in Italy. However, Italy has encountered some difficulties obtaining cooperation on TF cases from certain countries outside Europe, usually due to the requested country's political willingness and capacity to assist. Nevertheless, its participation in initiatives such as the Terrorism Finance Tracking Program (TFTP) has led to measures against foreign suspects for supporting terrorism in the region (see IO.2).

Box 9.2. Operation Dhanubian

PP delegated to GdF the investigation of a terrorist attack perpetrated in Vienna in 2020. GdF worked in coordination with other Milan authorities and the European Counter Terrorism Centre of EUROPOL (ECTC). The attacker belonged to an organisation called 'The Lions of the Balkans'. A search of a money transfer agency was conducted in light of significant anomalies with money transfer operations. Suspicious financial transactions were also found linked to 17 money transfer agencies. Financial information was also shared under the TFTP international cooperation procedure. 140 money remittances made by non-residents of Italy were analysed.

At the end of the investigative activities, the judicial authorities ordered the execution of personal precautionary measures against seven persons for offences under articles 416 and 482 (material forgery committed by a private individual) and 497-bis (possession and manufacture of false identification documents) of the Criminal Code, as they were responsible for the counterfeiting identity documents that were sold to persons residing in Italy and European countries. The financial flow examined did not reveal any funds provided or collected for the benefit of terrorism, to a terrorist organization, or to an individual terrorist.

9.2. Prosecuting and convicting different types of TF

476. The PPs are well trained and experienced in terrorism and TF cases and also lead all TF investigations. Prosecutors face some difficulties in prosecuting and obtaining convictions for different types of TF. An average of 15% of TF investigations launched annually proceed for prosecution. This is largely due to the complex nature of the TF activity Italy focuses on and the need to confirm suspicious TF activity reported in STRs that triggered the TF investigation, to prove that the suspect had knowledge

they were engaged in TF, to confirm the final destination of the TF, and other such evidential requirements. For example, in one TF investigation that was launched based on financial intelligence, it took six months for the LEAs to obtain admissible evidence of the activity reported in STRs, but the prosecutor's request for an arrest warrant was ultimately denied by the judge due to lack of evidence. The prosecutors choose not to proceed with the majority of TF cases originally identified due to these challenges, instead prioritising a handful of TF cases and pursuing and obtaining evidence to prosecute these.

477. In particular, complex financial investigations as noted in the NRA of organised criminal activity resulted in links to TF activity involving the use of money remittances, rechargeable payment cards, virtual assets and through illegal migrant smuggling. While criminal measures and action against assets were taken against the offenders in these cases, they were not prosecuted for TF offences

Table 9.1. TF cases - Investigations, Prosecutions and Convictions

	2020	2021	2022	2023	2024	2025 (until May)
TF Judicial investigations	101	99	109	94	85	47
TF Court prosecutions	18	11	13	13	12	13
TF Final convictions	11	7	5	5	17	2

478. No data was provided regarding the different types of TF activity that were investigated and prosecuted as Italy does not collect data on this. Based on cases presented, Italy's focus on more complex TF activity and prioritisation of resources to pursue evidence for these has resulted in few cases being prosecuted related to simple TF activity, including small transfers and self-financing.

479. There has been no prosecution against legal persons for TF activity. However, case studies indicate that Italy has been able to pursue organised groups involved in terrorism and TF activity in the region that may be abusing legal persons. In view of this, it is not clear why Italy has not pursued any prosecution against legal persons for TF activity.

480. Of the TF cases that are brought to court, Italy achieves a high percentage of convictions, with approximately 60% resulting in convictions over 2020-2024. This impressive conviction rate, particularly given the complexity of TF cases, reflects both the competence of Italian prosecutors and their strategic approach to selecting which cases to pursue (i.e. they pursue TF cases in court where they believe the Judge will ultimately decide to convict.).

Box 9.3. Court of Appeal of Brescia (Judgment No. 2990/2020)

The investigation successfully employed sophisticated, multi-layered investigative approaches to TF which included digital surveillance (social media), coordination between multiple countries' law enforcement and prosecutorial authorities (Italian prosecutors in Brescia and Cagliari, Swedish authorities, and monitoring of third-country based operations), tracking informal money transfer systems and identifying suspicious cash movements using financial intelligence, searches yielding electronic devices, cash, and incriminating images, corroborative witness testimony and forensic analysis of digital devices to uncover financial records and extremist materials.

Investigations revealed a network, structured around two branches, each led by Syrian patriarchs who acted as guarantors for financial transactions: D.A. and B.S and used a hawala system to transfer money across borders without using any formal currency exchange instruments. The network had strategically

positioned offices in a third country near the Syrian border and combat zones. Funds were being channelled to support the Al Nusra Front (later known as Jabhat Fateh al-Sham) and factions of the Free Syrian Army operating in Idlib province and along the Lebanese border. The defendant C.H. played a key role in these operations, working closely with his brother C.S. and the network leader D.A.

Italian authorities with the co-operation of Swedish authorities conducted extensive telephone interceptions which revealed the operational details of the Hawala network, showed reliance on trustees in Sweden, acting as collection and delivery points as well as CH's leadership position in the network.

D.A. was stopped at the airport in Milan and was found with EUR 9 050 in cash despite being dependent on Swedish social security. Swedish authorities conducted searches of D.A. and his family members and found evidence in seized electronic devices linking D.A. to terrorist organisations, and photographs on C.H.'s device showing a table covered with stacks of EUR 500 banknotes. Investigators were also able to link suspects being investigated in Sardinia for organizing illegal migrant transport, to the network and obtained details on how the network operated.

One particularly significant transaction involved the transfer of EUR 200 000 from Italy to a third country on 26 August 2016, in which C.H. directly participated. C.H. was convicted under Article 270-quinquies.¹ of the Criminal Code (financing of acts of terrorism) and the final judgement in 2021 confirmed the sentence of two years and two months' imprisonment, plus expulsion from Italian territory upon completion of the sentence.

9.3. Effectiveness, proportionality and dissuasiveness of sanctions

481. Italy's legal framework provides a range of imprisonment terms for TF offenses. Judges in the Italian system calibrate sanctions based on the specific circumstances of each case and on the procedure followed (e.g., abbreviated trial procedures that result in mandatory sentence reductions of up to one-third). Final judgements may also be affected by reductions due to plea bargaining. On average, sanctions applied in more than half of TF cases have been for three years imprisonment or less. These sanctions are somewhat low in the context of the type of TF activity Italy has pursued (i.e., complex, stand-alone TF rather than low-level self-financing). However, Italy indicated sanctions for TF are within a similar range as sanctions applied in other terrorism-related cases in Italy, such as disseminating terrorist propaganda. Italy also provided several examples of high-profile TF cases involving the financing of international terrorist organizations that resulted in relatively higher sanctions between seven to nine years. It remains unclear if the sanctions applied for TF cases have been dissuasive. As noted above, there have not been any prosecutions against legal persons for TF.

Table 9.2. Sentencing for Natural Persons Convicted of TF (under Article 270 CC)

Imprisonment (years)	2020	2021	2022	2023	2024	Total
0 to 3	11	7	5	5	17	45
>3 to 5	4	3	0	1	9	17
>5 to 10	5	2	4	1	3	15
>10 to 15	1	0	0	1	0	2
>15	0	0	0	2	0	2

Box 9.4. Appellate Court of Assizes of Lecce (Judgment No. 2/2019)

The defendant was involved in soliciting donations for a mosque in Berlin, which investigators discovered was serving as a collection hub for jihadists traveling to fight in Syria. The mosque was eventually shut down in February 2017 during an anti-terrorism operation. The defendant also engaged in fraudulent consumer credit schemes by entering into a fraudulent loan agreement to purchase two phone devices worth EUR 869 each, which were resold to generate cash for financing travel to ISIS-controlled territories. Another associate used the exact same method, demonstrating this was an organized approach rather than an isolated incident. The money was being raised for operations involving the transport of group members to reach IS-controlled territories safely. The evidentiary framework was built on telephone communication interceptions, particularly WhatsApp and Telegram messages, and involved close cooperation between the Berlin State General Prosecutor's Office and the DIGOS (General Investigations and Special Operations Division) of Brindisi.

The defendant was convicted under Article 270-bis of the Criminal Code (participation in a terrorist association - Islamic State) for having provided and collected funds (to finance travel to Syria) in 2020 and sentenced to five years' imprisonment (reduced from seven years and six months due to the abbreviated trial procedure). Evidentiary elements which led to conviction were collected on the basis of the MLA framework. The suspect was arrested in an EU State and handed to Italy for the trial.

9.4. National counter-terrorism strategies and activities

9.4.1. Formulating national counter-terrorism strategies and activities

482. The Financial Security Committee (FSC) (see IO.1) is the responsible body for the coordination of TF prevention policies in Italy. However, it focuses much more regularly on ML than TF for both strategic and operational purposes, which is generally in line with Italy's risks and context. Although there have been examples of the FSC discussing TF-related STR analysis and broader terrorism threat analysis, this has been mainly within the ML/TF NRA process.

483. CFT is not formally considered as part of Italy's CT priorities, as promulgated by the Ministry of Interior. These priorities include mapping new terrorist threats, conducting joint counterterrorism exercises with international partners, expanding the level of understanding of terrorists' countries of origin, and other items, but they do not mention TF. Italy does not maintain a counter-terrorism strategy.

9.4.2. Sharing and using information and intelligence to support national counter-terrorism purposes and activities

484. The CASA platform provides the central forum to coordinate counter-terrorism activities in Italy with input on TF activity uncovered by STR analysis as well as other intelligence information. UIF does not attend the CASA weekly meetings but TF-related STRs and UIF analysis are presented to it by GdF which presents notable TF-related STRs and any corresponding analysis.

485. CASA prepares an annual report on its activities, which was not provided to the assessment team due to its security classification. CASA meetings are also used to inform operational directives issued by the CT authorities. Overall, it was not evident how information relating to TF investigation (other than STR analysis), prosecution and conviction of TF was fed into the CASA mechanism to

formulate CT strategies and corresponding operational plans. Financial investigation information provided by GdF also does not clearly feed into operational CT activities.

9.5. Alternative measures used where TF conviction is not possible (e.g. disruption)

486. Italy has alternative measures available to leverage where a TF conviction is not possible. This includes the use of preventative measures under the AMC such as non-conviction-based seizures and confiscations (see IO.8) of assets relating to TF, deportation of foreign citizens from Italy for suspected TF (see Operation Foreign Fighters above), and other mechanisms. Italy provided data to indicate the authorities have over the evaluation period, conducted 378 expulsions of foreign citizens but it is unclear how many of these specifically were related to TF (as opposed to terrorism or other crimes). Where there is sufficient evidence against TF offenders for the commission of other offences (e.g. immigration offences, forgery, etc.), Italy has also pursued criminal proceedings against the individuals to obtain convictions for these other offences. However, in the case of preventative measures such as non-conviction-based seizures, there is no evidence that Italy uses these powers to disrupt TF activity (see IO.8). Italy does not use these powers to disrupt TF activity.

10 Terrorist financing preventive measures and financial sanctions

The relevant Immediate Outcomes considered and assessed in this chapter is IO.10. The Recommendations relevant for the assessment of effectiveness under this chapter are R. 1, 4, 6 and 8 and elements of R.14, 15, 16, 26, 30, 31, 32, 35, 37, 38 and 40.

Key Findings, Recommended Actions, Conclusion and Rating

Key Findings

- a) To some extent, Italy is implementing without delay, targeted financial sanctions related to terrorist financing (TF-TFS). The FSC is the competent authority for implementing TFS pursuant to i) UNSCRs 1267/1989 and 1988; ii) EU designations and national designations; and iii) in response to requests from third countries to take freezing action pursuant to UNSCR 1373.
- b) TF-TFS pursuant to UNSCR 1373 are implemented without delay pursuant to the EU and domestic frameworks, and Italy has a unique, multi-pronged approach to address new UN listings. Italy has domestic measures to address the delays in transposing UN designations pursuant to UNSCR 1267/1989 and 1988 to the EU framework. The domestic decrees have not been applied to new UN designations during the reporting period. Instead, upon new UN designations, the Italian authorities apply mitigating measures to identify potential assets. In this context, the authorities conduct comprehensive searches of their numerous databases for potential funds, assets and other economic resources relating to newly listed persons. As no matches were found, the Italian authorities determined that MEF decrees were not needed. While this process mitigates the risk of asset flight following new UN listings to some extent, it does not sufficiently address the effective implementation of TF-TFS by all natural and legal persons without delay. In the time between the UN listing and EU listing, a transaction could potentially be processed through the Italian financial system, and there is no legal basis for financial intermediaries or other persons to freeze funds or prohibition to make funds available to newly listed UN persons or entities.
- c) Italy employs comprehensive mechanisms to identify the assets of terrorists, terrorist organisations, and terrorist financiers, and to prevent such persons from raising, moving and

using their assets including by operating or executing financial transactions. Both the UIF and the GdF have extensive powers with regards to identifying potential TF assets and preventing TF in this context.

- d) Italy has to some extent, applied focused, proportionate and risk-based mitigation measures to only those organisations which fall largely within the FATF definition of NPOs, but in line with identified risks. There are numerous authorities involved in the monitoring and investigation of NPOs at different levels and not targeted for those defined as higher risk in the NRA.
- e) FIs, VASPs, and DNFBPs generally have a good understanding of their TF-TFS obligations and have put in place adequate processes in order to ensure compliance with the relevant TFS lists. They generally make use of automated IT systems for checking changes to sanction regimes and use the UIF's website to stay informed of new UN listings. Smaller DNFBPs (that are less exposed to sanction violations risks) have less advanced screening methods and a less developed understanding of sanctions implementation.
- f) Competent authorities are generally comprehensively monitoring and ensuring compliance by FIs, VASPs, and DNFBPs with their TF-TFS obligations. During the reporting period, no violations of TF-TFS obligations were detected.

Key Recommended Actions (KRAs)

Italy should:

- a) ensure new designations for TF-TFS are systematically implemented without delay by all natural and legal persons.
- b) adopt a targeted, coordinated, RBA to oversight or monitoring of higher-risk NPOs.

Other Recommended Actions

Italy should:

- a) address the remaining technical gaps in the domestic system for R.6.
- b) conduct outreach to NPOs themselves to raise awareness to the risk of TF, specifically to NPOs Italy deems most at risk and work with the sector to develop and refine best practices.

Overall Conclusions on IO.10

Italy has the mechanisms to apply TF-TFS without delay, as the FSC can recommend to the MEF to issue a freezing decree within 24 hours for UN-designated persons while awaiting formal EU designation. However, the domestic decrees have not been applied to new UN designations pursuant to TF-TFS during the reporting period (where the UN made new listings 15 times, listing

13 individuals and 7 entities between 2020 and June 2025) and where there was an average of 6.7-day delay between UN and EU designations). While the process of Italian authorities conducting comprehensive searches of their numerous databases for potential funds, assets and other economic resources belonging directly or indirectly to newly listed persons, mitigates the risk of delayed implementation to some extent, it does not sufficiently address the effective implementation of TF-TFS by all natural and legal persons without delay. It is acknowledged that there has not been any case of UN TF-TFS violations.

FIs, VASPs, and DNFBPs generally have a good understanding of their TF-TFS obligations and have put in place adequate processes in order to ensure compliance. The competent authorities are generally comprehensively monitoring and ensuring compliance of TF-TFS obligations by FIs, VASPs, and DNFBPs, although IVASS has not shared statistics on their supervision.

Italy has to some extent applied a focused, proportionate and risk-based mitigation measures to only those organisations which fall largely within the FATF definition of NPOs, but in line with identified risks. While the NPO sector in Italy does not pose a significant TF risk, Italy's NPO monitoring lacks effective national coordination and does not implement a targeted, coordinated, RBA to oversight or monitoring of higher-risk NPOs as identified in the NRA.

Italy is rated as having a moderate level of effectiveness for IO.10.

Immediate Outcome 10

10.1. Implementation of TF-related targeted financial sanctions without delay

487. To some extent, Italy is implementing without delay, targeted financial sanctions related to terrorist financing (TF-TFS). The FSC is the competent authority for implementing TFS pursuant to i) UNSCRs 1267/1989 and 1988; ii) EU designations and national designations; and iii) in response to requests from third countries to take freezing action pursuant to UNSCR 1373.

Designations under UNSCR 1267/1989 and 1988

488. For UN designations pursuant to UNSCRs 1267/1989 and 1988, Italy is not implementing TFS without delay. Italy does have domestic measures to address the delays in transposing UN designations to the EU framework. Under this framework, the FSC may recommend to the MEF to issue decrees within 24 hours for UN-designated persons while awaiting formal EU designation. (See Recommendation 6).

489. However, the domestic decrees have not been applied to new UN designations during the reporting period (where the UN made new listings 15 times, listing 13 individuals and 7 entities between 2020 and June 2025) and where there was an average of 6.7-day delay between UN and EU designations). Instead, upon new UN designations, the UIF promptly informs intermediaries of new UN listings, and the Italian authorities conducted comprehensive searches of their numerous databases for potential funds, assets and other economic resources (e.g. bank accounts, real estate, automobiles, company shares, boats, works of art – see core issue 10.2 below) belonging directly or indirectly to newly listed persons. As no matches were found, the Italian authorities determined that MEF decrees were not needed. While Italian authorities pro-actively identify funds, this system puts the onus for implementation on the government disproportionately.

490. While this process mitigates the risk of asset flight following new UN listings to some extent and demonstrates limited materiality of such threats in the Italian context, it does not sufficiently address implementation of TF-TFS without delay. In the time between the UN listing and EU listing, a transaction could potentially be processed through the Italian financial system, and there is no legal basis for financial intermediaries or other persons to freeze funds or prohibition to make funds available to newly listed UN persons or entities. Private sector entities met during the on-site visit indicated that in the event of a name match based on a new designation from the UN, they would freeze transactions based on civil contractual agreements.

Designations pursuant to UNSCR 1373

491. No national designations using domestic decrees were issued during the reporting period. Italy co-sponsored one listing proposal under the EU sanctions regime CP 931 (implementing UNSCR 1373) of two individuals involved in the terrorist attack on Israel by Hamas on 7 October 2023.

492. Italy further received two requests from third countries for freezing action pursuant to UNSCR 1373, but these were not executed based on the lack of reasonable ground to proceed.

10.2. Identification and deprivation of terrorist funds or other assets

493. Italy employs comprehensive mechanisms to identify the assets of terrorists, terrorist organisations, and terrorist financiers, and to prevent such persons from raising, moving and using their assets including by operating or executing financial transactions. Both the UIF and the GdF have extensive powers with regards to identifying potential TF assets and preventing TF in this context.

494. Upon any new listing by the UN, the UIF runs various searches in the databases at its disposal to identify any funds held in Italy by designated subjects. This includes STR databases as well as bank account registers (including beneficial ownership information from accounts). (See Immediate Outcome 6). The UIF shares any pertinent information with the GdF for further checks. The UIF also promptly informs intermediaries of new UN listings. FIs must identify and report any potential suspicious transactions, which would include any with a suspected link to the new UN listings. FIs and DNFBPs generally make use of automated IT systems screening their customers, which would assist to identify any potential funds or assets and support the issuing of an MEF decree. The UIF also receives any communications regarding the freezing measures applied by all FIs, DNFBPs and VASPs as well as information regarding transaction data, including attempted transactions, data relating to business relationships and any other available information relating to designated persons or entities.

495. In parallel, the GdF searches its sources to quickly identify any assets or economic resources directly and indirectly traceable to designated persons. To do this, the GdF checks its internally developed databases, the Dorsale Informatica, to access 138 confidential and open-sourced databases which include real estate ownership information, bank account information, business registers, vehicle registers etc. supported by the Molecola which also contains law enforcement databases, tax administration database, land register, boat registries, company register etc. The system is able to draw analyses and linkages to the different information in the databases including investigative information (e.g. transcripts of wiretaps, account statement details etc.) in order to quickly identify assets and economic resources. The GdF also accesses AML/CFT information held by the DNFBPs and certain FIs (as supervisory authority for these, the GdF can request data and concerning CDD information), as well as of information resulting from international cooperation. The GdF then reports these results to the FSC, which can propose to the MEF to adopt a freezing order.

496. Since 2010, no new funds have been identified or reported as frozen by FIs and DNFBPs with regards to UNSCRs 1267 and 1373. Nor has there been any instance where relevant assets or economic resources of a designated individual or entity have been found (although the effectiveness of these measures has been shown in relation to other TFS regimes). Funds remain frozen relating measures taken before then – to one current account and two savings accounts – totalling EUR 5 252. During the evaluation period, the FSC has not received requests for exemptions or unfreezing.

10.3. Targeted application of focused and proportionate mitigation measures to at-risk non-profit organisations

497. Italy has to some extent applied a focused, proportionate and risk-based mitigation measures to only those organisations which fall within the FATF definition of NPOs, in line with identified risks. Through the NRA process, Italy identified approximately 26 000 NPOs that largely fit into the FATF definition. Italy has further identified the following criteria to identify for defining which part of the non-profit sector overall is exposed to the risk of abuse of terrorism financing. These are regarding: type of activities, beneficiaries and/or recipients, operational geographical area, and financing channels.

498. This has resulted in the identification of approximately 1 058 entities potentially exposed to TF risks, consisting of 1 000 cultural or religious associations and 58 NPOs, working in the area of development cooperation in conflict zones or with subjects coming from conflict areas. While not all of the 1 000 cultural or religious associations primarily engage in raising or disbursing funds for charitable purposes, they are unincorporated associations which lack legal foundation, budgetary powers but may occasionally conduct fundraising activities. Italy has identified these as exposed to potential higher risk due to the fact that they pose exposure to terrorism-related threats.

499. Italy does not have a targeted, interagency coordinated approach to mitigative measures for NPOs that Italy identified as exposed to TF. There are numerous authorities - the GdF, the Ministry of Labor and Social Policies (MLSP) and their regional RUNTS offices (which registers most NPOs), the Ministry of Interior, the Italian Agency for Development Cooperation (*Agenzia Italiana per la Cooperazione allo Sviluppo* – AICS) and the Revenue Agency - involved in the monitoring and investigation of NPOs at different levels and there is no targeted oversight or monitoring measures for those defined as higher risk in the NRA. The Ministry of Interior focusses their monitoring on Islamic cultural associations and places of worship and the AICS focusses their monitoring on Civil Society Organisations (CSOs) in development cooperation that they finance. These entities measures are described below.

500. As a prevention authority, the UIF pays attention to STRs involving NPOs - particularly with regard to TF risk – as a significant sector of reporting entities' customers, and has consequently given due relevance to the NPO sector in developing its financial analyses and anomaly indicators. With reference to these latter activities, the UIF has provided some relevant outreach for FIs, DNFBPs and VASPs. However, Italy has not focussed its outreach activities on NPOs at risk.

501. The GdF's Investigative Group on the Financing of Terrorism at the Special Currency Police Unit (NSPV) conducts tactical and operative analysis of risk and context, to identify the trends and dynamics concerning the financing of terrorism, of the relative illicit schemes adopted and of the subjects involved. In this context, they developed a risk activity tool dedicated to the risk of terrorist financing abuse of NPOs and investigating entities that may be involved in TF. This Operational Risk Analysis (AOR) called "Books, Money, Gun" analysed information on registered NPOs and unregistered associations using available information (e.g. the NPO registry, tax registry, STR information, investigative analysis, and open-source material) to select NPOs most exposed to risk, namely Islamic NPOs as well as entities linked to them. The tool also identified trends and dynamics concerning the

financing of terrorism, of the relative illicit schemes adopted and of the subjects involved. While not based on the NRA's findings directly of high-risk entities, the results largely matched the NRA's findings.

502. Based on the findings, the NSPV identified 21 NPOs (up to February 2025) with scores for each of 27 analysis parameters taken into consideration and assigning each of them a specific risk score for investigation by the GdF territorial units. Preliminary investigations by the territorial units led to the launch of nine investigations. Eight cases were brought to the attention of the competent Public Prosecutor, who initiated for three cases for the crimes of "training for activities with terrorist purposes, including international terrorism" (Article 270 quinquies of the Italian Criminal Code) in one case; "association with the aim of terrorism, including international terrorism, or subversion of the democratic order" (Article 270 bis of the Italian Criminal Code) and "misappropriation" (Article 646 of the Italian Criminal Code). One of these investigations was still ongoing at the time of the on-site visits, while the others concluded without further action.

503. As part of the ongoing updating of this monitoring tool up to June 2025 (as of the on-site visit), the GdF identified an additional 18 NPOs that were undergoing further investigation at the central level by the NSPV.

504. The **Ministry of Interior**, through its territorial branches, monitors Islamic cultural associations and places of worship present on the national territory, including in order to prevent and counter potential threats against the security of the State from radical Islamist environments. The Ministry's main functions pertain to verifying certain legal requirements, e.g. safety of the premises, occupancy and fire code compliance. The MoI also conducts intelligence gathering, and if it finds other information requiring further investigation, it will refer the case to the GdF or other police forces to coordinate any further action. No cases were referred during the reporting period.

505. The **Italian Agency for Development Cooperation** (*Agenzia Italiana per la Cooperazione allo Sviluppo* – AICS) also monitors NPOs for compliance with development cooperation and procurement requirements. In addition to registry in the NPO register (RUNTS), AICS maintains its own register of 261 Civil Society Organisations (CSOs) and conducts checks in order to verify whether they can receive foreign aid funding. These checks are the same for all registered CSO and do not differentiate between higher or lower risk entities as identified in the NRA. AICS verifies that projects are implemented as planned, meet financial disclosure and expense auditing requirements. While not specifically aimed at preventing TF, AICS' measures include checking against UN, FATF, and EU lists to ensure that the CSOs are not related to or involved with the listed entities. All registered CSOs are checked every three years, including contracting clauses that include clauses on preventing TF and other crimes. Several CSOs have been cancelled and de-registered, although not relating to TF.

506. With a multitude of governmental agencies exercising monitoring responsibilities over different aspects of the NPO sector, Italy's NPO monitoring lacks effective national coordination. While the NPO sector in Italy does not pose a significant TF risk, the monitoring measures by the different agencies described above do not specifically target those NPOs determined to be higher risk. Additionally, not all entities Italy considers high risk fit within the FATF definition. The NPOs that the assessment team met with are registered at RUNTS, have activities in conflict zones and have a thorough understanding of TF risk mitigation both for incoming and outgoing financial flows.

10.4. FIs, VASPs and DNFBPs understanding of and compliance with obligations

507. TFS implementation in general has been a major point of focus for FIs, VASPs, and DNFBPs. The UIF and GdF have a number of ongoing mechanisms and outreach to help ensure that FIs and DNFBPs understand and comply with and understand their TF-TFS obligations. The UIF's website shows changes

to the relevant TFS regimes, and the UIF also communicates changes proactively to all persons that are registered to the UIF's email alert service.

508. FIs, VASPs, and DNFBPs generally have a good understanding of their TF-TFS obligations and have put in place adequate processes in order to ensure compliance with the relevant TFS lists. They generally make use of automated IT systems for checking changes to sanction regimes and use the UIF's website to stay informed of new UN listings. Smaller DNFBPs (that are less exposed to sanction violations risks) have less advanced screening methods and a less developed understanding of sanctions implementation. They must report to the UIF the freezing measures applied, providing information on the persons involved, the amount and nature of the funds and economic resources. These reporting requirements also cover data on transactions or relationships, as well as any additional available information traceable to the designated subjects. These sectors have not identified any TF-TFS related funds since the previous MER.

10.5. Competent authorities monitoring and ensuring compliance with TF-related targeted financial sanctions

509. Competent authorities – BoI, CONSOB, IVASS and GdF – are generally comprehensively monitoring and ensuring compliance by FIs, VASPs, and DNFBPs with their TF-TFS obligations. BoI carried out 388 on-site inspections, 92% of which encompassed controls for TFS preventive measures. CONSOB monitors PIE auditors' compliance with the TF-TFS and PF-TFS requirements during on-site inspections for AML/CFT. In particular, 16 out of 18 total on-site inspections have included TF-TFS and PF-TFS compliance since 2019 (89%). In the same period, similar checks have been performed during the two on-site inspections carried out on FIs on behalf of BoI. All "full scope" on-site inspections by the GdF also cover TFS compliance, including checking customers and BOs with sanctions lists although it is not clear that they check more broadly that TFS policies and procedures are in place. These included 494 inspections from 2019 to 31 May 2025 (11 Casino, 48 real estate, 23 DPMS, 41 lawyers, 107 Notaries, 22 other independent legal professionals, 208 accountants, 20 TCSP, and 14 VASPs). All the AML inspections carried out by IVASS pay special attention to the procedures set up by insurance companies to promptly implement the measures of the competent authorities ordering the freezing of funds and economic resources held by individuals, legal persons, groups, entities and organisations". From 2019 – 2025, none of the supervisors detected any violation in TFS compliance.

510. Complementary to the above supervisors, the UIF also conducts on-site visits to FIs and DNFBPs focusing on STR measures as well as TFS freezing measures and related reporting requirements. During the assessed period the UIF did not detect any TF-TFS violations.

11 Proliferation financing financial sanctions

The relevant Immediate Outcomes considered and assessed in this chapter is IO.11. The Recommendations relevant for the assessment of effectiveness under this chapter are R. 7 and elements of R.1, 2 and 15.

Key Findings, Recommended Actions, Conclusion and Rating

Key Findings

- a) Competent authorities are co-operating and co-ordinating the development and implementation of CPF policies to a large extent. The FSC is the competent authority for CPF risk analysis and policy development and effectively coordinates the activities of the various national authorities involved in preventing PF. This coordination enables synergies between government agencies, law enforcement agencies and financial institutions, ensuring an effective response to PF.
- b) The FSC also facilitates CPF cooperation and coordination at operational level. This occurs for PF in the same way that the FSC facilitates cooperation and coordination for ML and TF (see Immediate Outcome 1), involving all relevant national authorities. The regular meetings (normally weekly) of the FSC allow a prompt, flexible, and often informal cooperation among the authorities on operational issues.
- c) Italy has effectively identified and assessed and understands and mitigates PF risk. Italy has established its first thorough risk analysis through its CPF NRA, involving relevant public and private sector partners. Italy assesses the threat of direct proliferation financing as limited, since trade flows to DPRK are very low and closely monitored due to the sanctions imposed.
- d) Italy employs comprehensive mechanisms to identify the funds and other assets of designated persons and entities and those acting on their behalf and such persons. During the reporting period, no funds or other assets were identified. Funds remain frozen relating measures taken before then.
- e) FIs, VASPs, and DNFBPs understand and comply with their PF-TFS obligations to a large extent, in the same way as TF-TFS obligations (see IO.10, Core Issue 10.4). FIs have also shown to be aware of PF-TFS circumvention risks.
- f) Competent authorities are generally comprehensively monitoring and ensuring compliance by FIs, VASPs, and DNFBPs with their PF-TFS obligations. These obligations are checked

along with TF-TFS obligations through their supervisory process. During the reporting period, no violations of PF-TFS obligations were detected.

Recommended Actions

Italy should:

- a) ensure that any new designations for PF-TFS are systematically implemented by all natural and legal persons without delay.
- b) address the remaining technical gaps in the domestic system for R.7 (in the same way as for R.6).

Overall Conclusions on IO.11

The FSC, as the competent authority for CPF risk analysis and policy development, effectively coordinates the activities of the various national authorities involved in preventing PF at the policy and operational levels. Italy has a good understanding of PF risk, effectively identified and assessed its PF risk as medium-low, and Italy is sufficiently mitigating its PF risk. Italy has the mechanisms to apply targeted financial sanctions related to proliferation financing (PF-TFS) without delay, which apply in the same way that they apply for TF-TFS. However, some gaps in IO.10 relating to UN TFS implementation by the EU also apply here. FIs, VASPs, and DNFBPs comply with and understand their PF-TFS obligations to a large extent, in the same way as TF-TFS obligations and competent authorities are generally comprehensively monitoring and ensuring their compliance (see IO.10). Additionally, some competent authorities have shown a PF specific focus in their activities.

Italy is rated as having a substantial level of effectiveness for IO.11.

Immediate Outcome 11

11.1. Competent authorities co-operation and co-ordination to combat PF financing

11.1.1. Co-operation and co-ordination to develop and implement policy

511. Competent authorities are co-operating and co-ordinating the development and implementation of CPF policies to a large extent. The FSC is the competent authority for CPF risk analysis and policy development and effectively coordinates the activities of the various national authorities involved in preventing PF. This coordination enables synergies between government agencies, law enforcement agencies and financial institutions, ensuring a homogeneous and effective response to PF.

512. The FSC supports the implementation and enforcement of financial sanctions against individuals, entities or states involved in financing the proliferation of weapons of mass destruction and

utilises the significant information and expertise of other authorities to ensure that financial sanctions are properly implemented.

513. The FSC has also the powers to formulate proposals for listing to the competent bodies of the United Nations, as well as all other related tasks (exemptions, delisting, exchange of information between participating authorities – see R.6, R.7 and IO.10).

11.1.2. Co-operation and, where appropriate, co-ordination for operational purposes

514. The FSC also facilitates CPF cooperation and coordination at operational level. This occurs for PF in the same way that the FSC facilitates cooperation and coordination for ML and TF (see Immediate Outcome 1), involving all relevant national authorities. The regular meetings (normally weekly) of the FSC allow a prompt, flexible, and often informal cooperation among the authorities on operational issues. The FSC framework ensures the timely exchange of relevant information among the authorities involved in order to identify networks or funding channels associated with designated subjects and possible sanctions evasion.

515. Members of MEF and FSC also take part into UAMA (Unit for Armament Materials Authorisation)-led interagency dual use export council, which is responsible for approving dual use export applications. This ensures coordination between the Dual-Use Committee and the FSC in various situations, in particular where dual-use exports are intertwined with potential illicit financing threats by coordinating with the FSC to assess the risks of financing such activities. During the reporting period, no licences were issued for the DPRK for the export of armament equipment nor for dual-use items.

516. The coordinated approach of the FSC and the UAMA has also resulted in consolidated controls for cross-border operations, including specific risk profiles within the Customs Control Circuit for counter-proliferation aspects, including to the DPRK.

517. Within the FSC, the UIF shares information in its possession, such as the amount of assets seized or PF-related STRs. The UIF also cooperates regularly with the other authorities of the FSC; in particular, for TFS implementation the UIF actively shares the information in its possession relating to designated subjects. The UIF also transmits to the GdF's Special Currency Police Unit (NSPV) any STRs presenting a risk of WMD proliferation financing together with the results of the financial analysis carried for subsequent in-depth investigation. The GdF exercises its powers for countering proliferation financing, reporting to the FSC on the type, legal situation, assets and state of use of assets, as well as on the existence of ongoing contracts, even if not registered or not transcribed.

11.2. Understanding and mitigating the risk of breach, non-implementation or evasion of PF-related targeted financial sanctions

518. Italy has effectively identified and assessed its PF risk and understands and mitigates this risk. Italy has established its first thorough risk analysis through its CPF NRA, involving relevant public and private sector partners. Italy assesses the threat of direct proliferation financing as limited, since trade flows to DPRK are very low and closely monitored due to the sanctions imposed. Overall, the risk of financing the proliferation of weapons of mass destruction is assessed as medium – low.

519. Italy has a clear understanding of its general and country-specific risks of PF-TFS violations. The preventive, investigative and repressive system as a whole is deemed responsive and sufficiently mitigates PF risk.

11.3. Implementation of PF-related targeted financial sanctions without delay

520. Italy has the mechanisms to apply targeted financial sanctions related to proliferation financing (PF-TFS) without delay. These mechanisms apply in the same way that they apply for TF-TFS.

521. Italy's framework for PF-TFS applies in the same way as for TF-TFS, with the EU framework being supplemented by domestic measures (see Recommendation 7). Domestically, Italy can address delays regarding UN designations, whereby the MEF, upon proposal by the FSC, issues a decree regarding legal and natural persons in the interim period between UN Security Council action and relative EU implementing action. This decree is for a period for six months renewable in the same form as long as the required conditions are duly met. However, there are some minor gaps in this supplemental national framework that apply equally to R.6, R.7 and IO.11 (see Recommendation 7). During the reporting period (2020 – May 2025), the UN made no new listing pursuant to UNSCR 1718; therefore, no domestic decrees needed to be issued.

11.4. Identification of assets and funds held by designated persons/entities/those acting on their behalf and prohibitions

522. Italy employs to a large extent comprehensive mechanisms to identify the funds and other assets of designated persons and entities and those acting on their behalf and such persons and to prevent such persons or entities from operating or executing financing transactions related to proliferation. Both the UIF and the GdF have extensive powers with regards to identifying and preventing PF, which are described under IO.10 (see Core Issue 10.2). During the reporting period (2020 – May 2025), no funds or other assets were identified. Funds remain frozen relating measures taken before then - to three bank accounts relating to four individuals – totalling EUR 7 897.07, as well as a building in Rome (valued at approximately EUR 400 000) being frozen by the GdF as instructed by the FSC. During the evaluation period the FSC has not received requests for exemptions or unfreezing.

11.5. FIs, VASPs and DNFBPs understanding of and compliance with obligations

523. FIs, VASPs, and DNFBPs understand and comply with their PF-TFS obligations to a large extent, in the same way as TF-TFS obligations (see IO.10, Core Issue 10.4). FIs have also shown to be aware of PF-TFS circumvention risks.

11.6. Competent authorities monitoring and ensuring compliance with PF-related targeted financial sanctions

524. Competent authorities are generally comprehensively monitoring and ensuring compliance by FIs, VASPs, and DNFBPs with their PF-TFS obligations. These obligations are checked along with TF-TFS obligations through their supervisory process (see IO.10 – Core Issue 10.5). During the reporting period, no violations of PF-TFS obligations were detected.

525. PIE auditors, in response to a CONSOB specific request from 2024, show a very low exposure of clients to the PF risk (99,9% of customers are at deemed to be low risk for PF). Moreover, starting from 2025 PIE auditors have to report the results of the PF risks evaluation in their annual self-assessment process, illustrating any vulnerabilities detected in their mitigation procedures and the subsequent remedial actions planned.

526. The UIF has EU specific responsibilities with regards to PF. There is a specific obligation for credit and financial institution to transmit STRs where there are reasonable grounds to suspect that funds could contribute to the DPRK's nuclear-related, ballistic-missile-related or other weapons of mass destruction-related programmes or activities (art. 23 of EU Reg. 1509/2017). During the assessed period 2020-2024, the UIF received only 2 reports regarding DPRK legal entities, which were analysed and their findings disseminated to the competent LEAs. The UIF has also created PF-TFS specific indicators, as well as other guidance, to help ensure that FIs and DNFBPs comply with and understand their PF-TFS obligations.

Annex A. Technical compliance²⁴

This section provides detailed analysis of the level of compliance with the FATF 40 Recommendations in their numerical order. It does not include descriptive text on the country situation or risks and is limited to the analysis of technical criteria for each Recommendation. It should be read in conjunction with the Mutual Evaluation Report.

This technical compliance covers areas where the country has made legal, regulatory or operational framework changes since its last mutual evaluation (dated [XX]) (or follow-up reports with technical compliance re-ratings (dated [XX], and [XX])¹⁰ and areas where there has been a change in the FATF Standards for which the country has not previously been assessed. The reassessed areas are clearly identified under each heading.

For Recommendations not under review, pre-existing information from the country's most recent assessments is included. Such Recommendations are marked with a footnote cross-referencing the date and source of the information (i.e. the country's most recent mutual evaluation or follow-up reports with technical compliance re-ratings).

Recommendation 1 – Assessing risks and applying a risk-based approach

In its 2015 MER, Italy was rated LC on R.1 based on minor deficiencies related to risk understanding and mitigation, exemptions from CDD and inadequate secondary legislation to ensure that all DNFBPs apply a risk-based approach (RBA). R.1 was re-rated to C in the 2019 FUR.

Criterion 1.1

Italy has identified and assessed its national ML/TF risks through their third National Risk Assessment, issued in 2024, which has developed on the risk understanding ascertained through previous NRA exercises in 2014 and 2019. The 2024 NRA has been conducted by a specialised working group involving all competent authorities, along with inputs from the private sector and academics. The risk understanding in the NRA incorporates sectoral risk assessments made by the Banca Italia and the CONSOB, as well as elements from the 2022 EU supranational risk assessment.

Criterion 1.2

Italy has established the Financial Security Committee (FSC) as the authority to co-ordinate actions to assess risks (AML Law and Law 431/2001).

Criterion 1.3

The NRA working group of the FSC is responsible for coordinating the NRA exercise. The NRA is updated on a regular basis (AML Law, Art. 14(1)). Three NRAs have been conducted since 2014 (2014, 2019, and 2024) the next iteration of the NRA will be in 2028.

²⁴ In accordance with the 5th Round Methodology, Recommendations under review, which have been analysed for this mutual evaluation, are in green.

Criterion 1.4

The ML/TF risk analysis is shared with all competent authorities (AML Law, Art. 14(3)). The NRA Working Group prepared a summary of the NRA and shared the conclusions of the NRA with private sector entities and SRBs. This is supplemented by extensive outreach by the FSC to ensure that the results of the NRA are shared with FIs and DNFBPs.

Criterion 1.5**Criterion 1.5 (a)**

Italy assessed PF risks in the country through its first NRA on proliferation financing in November 2024. This assessment was conducted by FSC's NRA working group.

Criterion 1.5 (b)

The FSC is the designated authority to coordinate actions to assess PF risk (AML Law, Art 16-ter(1)).

Criterion 1.5 (c)

The PF risk assessment must be updated at least every three years (AML Law, Art 16-ter(1)).

Criterion 1.5 (d)

Detailed results of the PF NRA were shared with competent authorities and the private sector, and its major findings were discussed as a component of the outreach on the NRA in April 2025. The PF NRA results are shared with FIs, DNFBPs, and SRBs for assessing their assessment of risks and adoption of proportionate mitigating measures (AML Law, Art. 16-ter(3) and (4)).

Criterion 1.6

Allocation of resources within authorities is based on risk. For example, measures to prevent or mitigate risks, including supervisory action, are conducted in accordance with ML/TF risks of supervised entities (AML Law, Article 7(2)). This has been applied by the various supervisors, and the BoI, IVASS and CONSOB adopt a risk-based approach to their supervisory planning. However, an RBA has not been developed for allocating resources on the basis risk at the national level.

Criterion 1.7

Exemptions from obligations under the AML law can only be made in cases of specific persons exercising, occasionally or to a limited extent, financial activity involving low risk of ML or TF, when certain conditions are met (AML Law, Art. 4(3)). At present, there are no exemptions from the application of AML law.

Criterion 1.8

FIs and DNFBPs must perform enhanced EDD where higher risks are identified (AML Law, Art. 24). Sectoral supervisors require reporting entities to incorporate relevant risk factors into their risk assessments (BoI Regulation on CDD, Part. 4 and Annex 2, IVASS Regulation n. 44/2019, Art. 28-ter, para. 1, CONSOB Regulation, Art. 31 and Annex 2).

Criterion 1.9

Italy allows for simplified due diligence measures to be undertaken in specific situations (AML Law, Art. 23(2)). These situations are transposed from the EU's AML directive and include certain types of customers certain low risk products, services, operations and distribution channels and low-risk geographical regions. Sectoral supervisors may identify additional circumstances where SDD measures may be applied by obliged entities. SDD measures cannot be applied in cases where there is suspicion of ML or TF (AML Law, Art. 23(4)). However, these situations are not demonstrated to be low risk and are not linked to the Italy's national risk assessment.

Criterion 1.10

Sectoral supervisory authorities are required to verify compliance with the requirements under the AML law, including the requirement for risk assessment (AML Law, Art. 7(1)). A similar responsibility is vested with the NSPV of the GdF verifying compliance in sectors not supervised by sectoral supervisory authorities (i.e. DNFBPs and some FIs).

Criterion 1.11

While Italy has completed its first PF risk assessment and updated the AML to incorporate PF risk assessment into the AML framework, there is not an overall framework for risk-based measures and allocating resources efficiently to mitigate PF risks. Italy has begun the process of transposing EU directives that require prioritisation based on level of PF risks, but it has not completed that process.

Criterion 1.11(a)

FIs and DNFBPs must identify, assess, monitor, and implement controls and procedures to manage and mitigate PF risks. (AML Law, Art. 16-ter(3) and (4)).

Criterion 1.11(b)

Despite the overall obligation to apply controls and procedures appropriate to mitigate and manage PF risks, and Article 24(2) of the AML Law requires EDD when PF risks are higher.

Criterion 1.11(c)

While SDD is not specifically covered, FIs and DNFBPs must implement measures commensurate with PF risks.

Criterion 1.11(d)

Supervisors and SRBs must ensure compliance with PF risk obligations (AML Law, Art. 7(1)(c) and 11(2)).

All reporting entities are required to analyse and assess the ML/TF risks to which they are exposed within the scope of their activity (AML Law, Art. 15). The sectoral supervisors and self-regulatory bodies set out the criteria and the methodology for this assessment.

The Bol requires all its supervised entities to ensure that their internal risk assessments consider all relevant risk factors (customer; geographic area; distribution channels; products and services offered). The assessments have to be documented, kept up-to-date and be made available to the Bol (Bol Regulation on AML/CFT organisation and internal controls, Part 7). The IVASS (IVASS Regulation n. 44/2019, Chapter II, Section VI Assessment of ML/TF risk) has prescribed similar requirements for obliged entities in the Insurance sectors and the CONSOB (Communication no. 186002/2018) for PIE auditors. However, the SRBs have not established similar criteria for professionals, nor do these exist for other DNFBPs.

Criterion 1.12

a-d

All reporting entities are required to analyse and assess the ML/TF risks to which they are exposed within the scope of their activity (AML Law, Art. 15). The sectoral supervisors and self-regulatory bodies set out the criteria and the methodology for this assessment.

The Bol requires all its supervised entities to ensure that their internal risk assessments consider all relevant risk factors (customer; geographic area; distribution channels; products and services offered). The assessments have to be documented, kept up-to-date and be made available to the Bol (Bol Regulation on AML/CFT organisation and internal controls, Part 7). The IVASS (IVASS Regulation n. 44/2019, Chapter II, Section VI Assessment of ML/TF risk) has prescribed similar requirements for obliged entities in the

Insurance sectors and the CONSOB (Communication no. 186002/2018) for PIE auditors. However, the SRBs have not established similar criteria for professionals, nor do these exist for other DNFBPs.

Criterion 1.13

a-c

Article 16 of the AML Law requires reporting entities to implement safeguards and carry out controls and procedures necessary to mitigate and manage the risks of money laundering and terrorist financing. The sectoral supervisory authorities have mandated specific requirements for implementing controls and procedures in line with their ML/TF risk. The Bol Regulation on AML/CFT organisation and internal controls, Part 4 require the application of enhanced measures in situations where this is thought to be necessary. Similarly, the IVASS regulations (IVASS Regulation n. 44/2019, Chapter III, Section IV, articles 46 to 50) and the CONSOB (Article 31 and Annex 2) require the application of enhanced measures where higher risks are identified.

However, while there are explicit requirements for the policies, controls and procedures to be approved by senior management for entities that are regulated by Bol and CONSOB, there do not appear to be similar requirements for entities regulated by IVASS.

Criterion 1.14

Simplified measures are not acceptable whenever there is a suspicion of money laundering or terror financing, or where higher risk scenarios apply (Art. 23(4)).

Criterion 1.15

a-e) Bol (definition n. 12) and IVASS (definition uu, IVASS Regulation n. 44/2019) regulations have common requirements for the identification, assessment and management of ML/TF and PF risks. CONSOB regulations require PIE auditors to consider PF risks among other risk factors and, since 2025, CONSOB asked them to perform and transmit an annual PF risk-assessment to manage it; the breach of this last request may be sanctioned by CONSOB with an administrative penalty that may range from EUR 10 000 to 50 000. Similar requirements do not appear to be in place for DNFBPs.

The obligation to implement TFS are independent of PF risk appreciation.

Weighting and conclusion –

In general, Italy's framework meets most of the requirements of R.1, though there were several shortcomings identified, particularly in Criteria 1.6, 1.11, and 1.12, and some gaps in c. 1.13 and 1.15. The lack of policies for risk-based allocation of resources at the interagency level remains a minor deficiency when considering individual authorities' risk-based allocation. In addition, the lack of regulations specifying which factors must be considered in DNFBPs' risk assessments is also a minor deficiency. Finally, while Italy does not currently require prioritisation based on level of PF risks, its PF risks are medium-low and therefore this deficiency is minor as well. **Recommendation 1 is rated Largely Compliant.**

Recommendation 2 – National cooperation and coordination

In its 2015 MER, Italy was rated LC on R.2 based on minor deficiencies with regards to the lack of a national strategy and action plan based on NRA, lack of supervisory activities based on the NRA, and the lack of powers for the FSC to cover PF issues.

Criterion 2.1

Italy implements AML/CFT/CPF policies that are based on the ML/TF/PF national risk assessments, which are updated periodically or when new risks arise and whenever deemed appropriate. The 2024 NRA specifies lines of action stemming from residual risks identified in the assessment, and these lines of action represent national policy strategies which are to be implemented by competent authorities.

Criterion 2.2

The Ministry of Economy and Finance is responsible for coordination and collaboration between authorities (AML Law, Art. 21(2)(a))), administrations and bodies to prevent Italian financial and economic systems being used for money laundering and terror financing (AML Law, Art 5(1))) and implement AML/CTF/CPF policies.

Further, the Financial Security Committee, which chaired by the Director General of the Treasury, and includes representatives from the Ministry of Economic Development, the Bank of Italy, the National Commission for Companies and the Stock Exchange (CONSOB), the Institute for Insurance Supervision (IVASS), the Financial Intelligence Unit (UIF), the Guardia di Finanza, Carabinieri, the anti-Mafia investigation Department (DIA), the Custom Agency, the National Anti-Mafia and Anti-Terrorism Directorate (DNA) and by the Custom Agency, is responsible for developing strategies for the prevention of ML/TF/PF and coordinating measures aimed at curbing risks (AML Law, Art. 5(5)).

Criterion 2.3

Italy has designated the Ministry of Finance and Economy (Article 5(1)) and the Financial Security Committee to coordinate between the sectoral supervisory authorities, UIF, DIA, GdF-NSPV and other relevant administrations and bodies, as well as between public and private sectors (AML Law, Art. 5 (5)).

Criterion 2.4

Relevant authorities, including judicial and investigating bodies cooperate and share information to prevent the use of the economic and financial system for ML, TF, and PF (AML Law, Art. 12(1)). Exchange of information for such purposes is not constrained by professional secrecy requirements.

Bilateral MoUs are also in place to facilitate cooperation and the exchange of information between domestic competent authorities on AML/CFT/CPF matters. The UIF also spontaneously shares information with LEAs and supervisory authorities, the Ministry of Economy and Finance, the Customs and Monopolies Agency, the Ministry of Justice and the DNA (AML Law, Art. 12 (5)).

Criterion 2.5

There is ongoing and active cooperation between the MEF, the competent authorities and the DPA to ensure the compatibility of not only the primary rules in AML/CFT, and of secondary legislation issued by each authority in charge of sectorial rules.

Weighting and conclusion –

All criteria are met. **Recommendation 2 is rated Compliant.**

Recommendation 3 – Money Laundering offence

In its 2015 MER, Italy was rated LC on R3. The technical deficiency was that the fine for ML and self-laundering was not proportionate and dissuasive.

Criterion 3.1

Italy has ratified the 1988 Vienna Convention through Law No. 328 of November 5, 1990, and the 2000 Palermo convention through Law No. 146 of March 16, 2006. ML is criminalised in article 648 bis ("money laundering") of the Criminal Code (CC), which covers all the activities referred to in the Vienna and Palermo conventions. It is complemented by two other provisions dealing with other aspects of the offense (the illicit origin of the proceeds of crime): article 648 (receiving) and article 648 ter (use of money, goods, or assets of illicit origin) of the CC.

Criterion 3.2

Article 648 bis of the CC considers any "malicious" crime (i.e., any crime committed intentionally) as predicate offense. Only unintentional crimes and contraventions (misdemeanours punishable with arrest and/or fines) are excluded. Articles 648 and 648 ter indicate "predicate offenses" as all offenses. All the categories of crimes listed in the FATF Glossary are considered as malicious crimes in Italian criminal law. All tax crimes contained in LD No. 74 of 10 March 2000 also constitute predicate offenses (Court of Cassation, sentences N. 45643/2009 and N. 6061/2012). These tax crimes are related to tax returns, to documents (false invoices and other documents related to fictitious operations) and to tax payments, including the VAT.

Criterion 3.3

Italy applies an all-crimes approach.

Criterion 3.4

Articles 648 bis and 648 ter of the CC refer to "money, assets or other property" of illicit origin regardless of their value, and article 648 refers to "money or property derived from any crime." These definitions, in these three articles, include any kind of property that represents the proceeds of crime. Even if the law does not specify whether it extends to assets which are not the direct proceeds of crime, jurisprudence of the Court of Cassation gives a broad scope of the notion of "other property" considering them as "indirect assets" (Sentence No. 6061/2012).

Criterion 3.5

The text of the law (article 648 bis of the CC) does not require a prior conviction for the predicate offense or that the perpetrator of the predicate offense be identified or charged. Courts will satisfy themselves that the proceeds are derived from a predicate offense, proved by evidence brought by investigations and prosecution (Court of Cassation, Sentence No. 28715/2013). The ML offense could be laid down even if the author of the predicate offense is unknown (Court of Cassation, Sentence No. 8384/1990 and N. 36940/2008).

Criterion 3.6

The CC does not specify whether the predicate offenses for ML extend to conducts that occurred in another country. However, Italy's Court of Cassation jurisprudence clarified that the ML offense is applicable when the predicate offense has been committed abroad and is also an offense under Italian law (Court of Cassation, Sentence No. 42120/2012).

Criterion 3.7

Article 648 ter1 of the CC, which came into force on January 1, 2015,⁵ criminalizes self-laundering in instances where the fundamental principle of “ne bis in idem”⁶ does not apply. Its first paragraph provides that it shall punish “any persons who, having committed or participated in committing an intentional crime, employs, replaces, or transfers within economic, financial, business, or speculative activities, the money, assets, property or others benefits resulting from the commission of this crimes(s), so as to concretely hinder the identification of their criminal origin” (para 1). Its fourth paragraph states that “in cases other than [those described above], conducts are not punishable whereby the money, assets/property, or other benefits are intended for merely personal use or enjoyment”. Due to its recent enactment, article 648 ter had not been applied at the time of the assessment. In the absence of a court decision on the implementation of the new provision, the authorities noted that the precise scope of article 648 ter 1 is open to interpretation and debate.

The authorities’ understanding is that the first paragraph (i.e., the punishable events) has a broad application, whereas the scope of the fourth paragraph (the non-punishable activities) is residual (because it explicitly mentions “in cases other than” those in the previous paragraphs) and applies in limited circumstances only (namely, solely where the fundamental principle of ne bis in idem applies).⁷

With respect to the first paragraph, they maintain that the wording is broad, in particular, the reference to “employs” and goes beyond the conducts listed in article 6(1)(a) of the Palermo convention as it includes any form of “re-introduction” of the assets into the legitimate economic circuit. The concealment element captured by “so as to concretely hinder the identification of their criminal origin” is an objective element of the conduct which includes any obstacle to the identification of the assets’ origin, irrespective of the purpose or aim of the perpetrator, i.e., any act which make the identification more difficult. The term “concretely” (which does not appear in the wording of the ML offense) is intended to refer to the objective facts and not to the perpetrator’s intention. The reference to “within economic, financial, business or speculative activities” was explained as intended to introduce the notion of “re-introduction” or “re-entry” into legitimate economic activities, which according to the authorities is the key element that distinguishes the punishable activities from those that constitute “post factum” activities (and that are not punishable in light of the fundamental principle of ne bis in idem).

With respect to the fourth paragraph, the authorities maintain that it applies only when the “acquisition, possession or use of property” constitute post factum” activities (which, in light of the ne bis in idem principle, cannot be punished), which is in line with article 6(1)(b) of the convention. It is limited to instances where the assets were intended only for personal use or enjoyment, and where there is no concealment. Although this is not reflected in the text, according to the authorities, the terms “merely personal use” apply to money and other movables assets, whereas “personal enjoyment” apply to immovable assets. Any form of “re-introduction” of proceeds into the economic- financial circuit is excluded in both cases because it is sanctioned under the first paragraph (which has a general application). Similarly, the absence of concealment activities is not specifically mentioned in the fourth paragraph, but is implied because any form of concealment is sanctionable in implementation of the first paragraph.

The entry in force of article 648 ter para. 1 of the CC constitutes an important progress in the Italian legal framework. Read in light of the authorities’ explanations, it is in line with the standard, but the interpretation of its wording (and especially of the references to activities committed “within economic, financial, business or speculative activities” and “mere personal use” could prove challenging for the courts.

Criterion 3.8

Article 192 of Criminal Code of Procedure (CCP) states that circumstantial evidence is admitted, and jurisprudence clarified that the knowledge element of the ML offense can be inferred from factual circumstances (Court of Cassation, Sentence No. 9090/1995).

Criterion 3

Since December 4, 2014, ML is punishable by more stringent sanctions than in the past, namely imprisonment from 4 to 12 years and a fine from EUR 5 000 to EUR 25 000 to natural persons (article 648 bis of the CC).⁸ Ancillary penalties shall also be applied, such as prohibition of public functions, or of other profession, prohibition for public procurements (article 19 CC). For self- laundering, imprisonment ranges from two to eight years, and the fine is the same as that for ML (article 648 ter.1 of the CC), and ancillary penalties also apply. The penalties are reduced for self- laundering related to predicate offenses provided they are punishable by a maximum sentence of over one year or a minimum of six months imprisonment (imprisonment from one to four years and a fine of EUR 2 500 to EUR 12 500). Although the amount of the fine for ML and self-laundering is one of the highest in Italy, it is not proportionate and dissuasive.

Criterion 3.10

The LD No. 231/2007 of November 21, 2007, entered into force on January 1, 2008, introduces sanctions for legal persons involved in the ML offense (article 648 bis of the CC), the receiving offense (article 648) and the use of money, funds or assets of illegal origin offense (article 648 ter) (new article 25 octies of LD No. 231/2001). The sanctions include fines from EUR 25 800 to EUR 1 549 000 and a prohibition to conduct certain activities for a period of time no longer than two years. Article 5 of the AML Law also lays down rules on administrative liability of legal persons for crimes committed in their interest or for their benefit. The criminal liability of natural persons is not affected by the liability of legal person: both liabilities are actionable.

Criterion 3.11

Instigation to commit, attempt, criminal association, aiding and abetting are criminalised by the CC (in articles 414, 416, 416 bis, 56, and 378–379 respectively) and are applicable in the context of the ML offense.

Weighting and conclusion –

Italy meets all the criteria, except criterion 3.9 which is partially met (and criterion 3.3 which is non-applicable). **Recommendation 3 is rated Largely Compliant.**

Recommendation 4 – Confiscation and provisional measures

In its 2015 MER, Italy was rated C on R.4.

General principles

Criterion 4.1

Italy prioritises asset recovery in the domestic and international context through the availability of legislation under AMC in addition to the CPC, that provide comprehensive legal tools in the form of convictions-based as well as non-conviction-based confiscation, preventive measures and others for ML, extensive MOUs among domestic LEAs, judicial authorities as well as the ANBSC and the ARO for coordination on asset-tracing and recovery as well as participation in regional and international networks to pursue assets across borders. The GdF and DIA, have sophisticated IT tools, resourcing and training to conduct complex financial investigations as well as comprehensive internal policies and operational frameworks at the national that guide their respective agency on the use of these tools to optimise asset recovery as a priority. However, the SP, which also conduct investigations into ML and other economic crimes as well as financial investigations to trace and recovery illicit assets do not have similar comprehensive internal policies and operational frameworks that prioritise asset recovery in both the domestic and international context, nor is there an over-arching country-wide strategy that does the same.

Criterion 4.1(a)

Italy prioritises asset recovery in the domestic and international context through the availability of legislation under AMC in addition to the CPC, that provide comprehensive legal tools in the form of convictions-based as well as non-conviction-based confiscation, preventive measures and others for ML, extensive MOUs among domestic LEAs, judicial authorities as well as ANBSC and the ARO for coordination on asset-tracing and recovery as well as participation in regional and international networks to pursue assets across borders. The GdF and DIA, have sophisticated IT tools, resourcing and training to conduct complex financial investigations as well as comprehensive internal policies and operational frameworks at the national that guide their respective agency on the use of these tools to optimise asset recovery as a priority. However, the Carabinieri and the SP, also conduct investigations into ML and other economic crimes as well as financial investigations to trace and recovery illicit assets. At an operational level, the Carabinieri has guidelines on financial investigations and asset recovery based on risks analysis conducted by the ROS. The SP do not have similar comprehensive internal policies and operational frameworks.

Criterion 4.1(b)

GdF's operational plans are issued annually. There have been regular updates to DIA's operational policies, which are current and up-to-date. There are no operational plans on asset recovery for the SP and it was not demonstrated how regularly ROS's operational plans are updated.

Criterion 4.1(c)

GdF, and DIA have sufficient technical and human resources dedicated to asset-tracing and recovery across Italy. All LEAs and judicial authorities involved in asset recovery are provided training on financial investigations, and where LEAs have technical gaps, there are mechanisms to coordinate investigations with GdF and DIA. The ANBSC and the ARO are also set up nationally to support asset recovery effort in the country and ANBSC has the resources to avail itself of technical experts to manage diverse types of assets. However, for the same reasons as c.4.1(a), it was not demonstrated how all other agencies involved **in asset recovery are adequately resourced to pursue asset recovery.**

Criterion 4.1(d)

Individual authorities have multiple bilateral or multilateral arrangements with each other as needed, e.g. through MOUs, to exchange information or facilitate operational coordination on asset-tracing and recovery (see IO.8).

Investigative measures

Criterion 4.2

Criterion 4.2 (a)

Competent authorities investigating criminal offences governed by the Code of Criminal Procedure (CCP) can identify, trace and evaluate criminal property (CCP, Art. 55(1), 253 and 347-357) through their general investigative powers. However, aside for ML offences under the CC which expressly provides for the possibility of confiscation by equivalent value, the legislation does not cover property of corresponding value since this is not *corpus delicti* which is defined as "anything on which or through which the offence has been committed as well as the things that constitute its product, its profit or its price" (CCP, Art. 253(2)). When conducting ML investigations under the Criminal Code (CC), the prosecutor has general powers to perform complementary investigations necessary concerning the property, money or other benefits to be confiscated for ML offences (CC, Art. 648 (648bis, 648ter, 648ter.1) read with CCP Art. 430), but the law does not stipulate clearly that includes investigations covering property of corresponding value.

However, under the Anti-Mafia Code (AMC), authorities investigating mafia-style offences (see IO.7), identify, trace and evaluate criminal property or property of criminals, including for property of corresponding value (AMC, Art. 19).

Criterion 4.2 (b)

Italian authorities conducting criminal investigations have been able to take broad investigative measures both for general criminal investigations as well as investigations for mafia-style offences. (AMC Art. 19(4), CCP Art. 247, 249 254-5, 350, and AML Law, Art. 9).

Provisional measures

Criterion 4.3

Criterion 4.3 (a)

The UIF may suspend transactions suspected of being related to ML, associated predicate offences and TF for up to five business days, provided this is not prejudicial to ongoing investigations (AML Law, Art. 6(4)(c)). The UIF can take this decision autonomously or upon the request of a the NSPV of the GdF, the DIA, judicial authorities or a foreign FIU.

Criterion 4.3 (b)

The prescribed duration of the suspension measure is five business days which cannot be extended (AML Law, Art. 6(4)(c)). The timeframe is meant to allow sufficient time to analyse the transaction and to adopt appropriate provisional measures. Before the suspension measure is invoked, preliminary investigation would be carried out and that the NSPV should be informed early in the process (Operations manual for the suspension of suspicious transactions).

Criterion 4.4

Criterion 4.4 (a)

For all offences, the Court can order preventive seizure for those objects for which confiscation is allowed (CCP, Art. 321(2)) which includes property of corresponding value based on the CC. The effect of this is that the assets are placed under judicial custody ('*custodia giudiziaria*'), with authorities taking physical possession and control of the property and/or management assigned to appointed administrators. The effect of this is also that the seizure automatically prohibits any transfer, conversion, disposition, or movement of the seized property.

For investigations into mafia-type organised crime, the court can order the seizure of assets of a person if their value is disproportionate to the declared income or economic activity, where there is reason to believe that they are the result of illegal activity (AMC, Art. 20).

Criterion 4.4 (b)

Italian authorities are able to effect *ex parte*, both a preventive seizure order that is made by the court, as well as an urgent seizure during preliminary investigations. (CCP, Art. 321 (2) and (3bis)). If applied under the Anti-Mafia Code, preventative seizure may be implemented before being communicated to the concerned party where there is real danger that the assets may be dissipated (AMC, Art. 22).

Criterion 4.3 (c)

Provisional measures do not have unreasonable or unduly restrictive conditions. The powers relating to preliminary seizure by the Public Prosecutor or the criminal police and confirmed by the Court, is based on urgency and the seizure can be maintained for up to ten to twelve days (CCP, Art. 321 (3bis)). The laws relating to preventive seizure by the court is based on the "free availability of material items related to the

offence aggravate or extend the consequence of the offence or facilitate the commission of other offences” (CCP, Art. 321(1)). Case law clarifies that in order to proceed with a seizure, there must be concrete elements in the records that make it appear plausible that an offence has been committed.

Criterion 4.5

In urgent situations, the Public Prosecutor or the criminal police can carry out seizures before the court’s confirmation is required. The Public Prosecutor must request the court to confirm the action within 48 hours of the seizure, and the court has ten days to do so. Failure to observe the time limits results in the seizure ceasing to be effective (CCP, Art. 321(3bis) and (3ter)).

Criterion 4.6

For investigation concerning mafia-type organised crime, when the court ascertains that certain assets have been fictitiously registered or transferred to third parties, the court shall declare the relevant acts of disposal null and void (AMC, Art. 26). Similar measures are not available outside the scope of the AMC.

Confiscation

Criterion 4.7

On conviction, the Court may order the confiscation of criminal property and property of corresponding value relating to the commission of offences listed and assets that are the product or profit of the offences listed (CC, Art. 240bis for ML, associated offences, and CC 648quarter for TF, and AMC, Art. 24 for mafia-type offences).

Criterion 4.8

Where confiscation is provided for under the CC, the provisions also state that where it is not possible to confiscate assets, the court shall order the confiscation of other assets of legitimate origin of a corresponding value, available to the perpetrator, including through an intermediary. For assets related to mafia-type offences, confiscation is also available for assets disproportionate to the lawful income of the convicted person and its lawful origin cannot be demonstrated (CC, Art. 240bis for ML, associated offences, and CC 648quarter for TF, and AMC, Art. 24 for mafia-type offences).

Criterion 4.9

Where proceedings are instituted against a person for mafia-type organised crime (which includes ML, TF and serious offences within the framework of the AMC), the judicial authority can order confiscation of seized property where the legitimate origin of the property cannot be proven and are disproportionate to the individual’s lawful income even without a conviction (AMC, Art. 24(1)). Similar measures are not available outside the framework of the AMC.

Asset recovery and tax authorities

Criterion 4.10

By virtue of its competence in tax matters, GdF acts as an operational link to exploit, where necessary, the information, collected for AML purposes, with various tax administrators for the purposes of combating tax evasion and circumvention and with regard to cross-border laundering. Cooperation tools include direct access to the tax registry, simultaneous controls and joint audits. (Guidance Act for Setting Policy Priorities 2024).

Asset management, return and disposal

Criterion 4.11

Italy has comprehensive mechanisms for managing, preserving and disposing of frozen and seized for general offences (CCP, Art. 259-60) as well as frozen, seized, or confiscated property for Mafia-type offences (AMC, Art. 35). Assets frozen, seized and confiscated under the CCP, the asset are managed by court-appointed custodians and administrators under judicial supervision and those under the AMC are managed under the National Agency for Seized and Confiscated Assets (ANBSC).

Criterion 4.12

Upon the final confiscation being issued, the seized property becomes the property of the State. Confiscations under the AMC are paid into the Single Justice Fund (AMC, Art. 48(1)). The State disposes the property according to specific rules that relate to the type of asset. Confiscated money is transferred to the State Treasury and moveable assets may be auctioned or allocated for public use.

Criterion 4.13

The AMC expressly distinguishes confiscated property for compensating victims of mafia-type crimes, which can be returned to their rightful owners and sold to compensate the victims of the crime (AMC, Art. 48(1)). The mechanism for crimes outside the scope of the AMC, is that victims can bring a civil action before a criminal court for restitution and compensation for damage against the offender (CCP Art 74). Based on this, the court can order compensation orders to victims from confiscated assets.

Weighting and conclusion –

Italy has in place an asset recovery regime that broadly enables conviction and non-conviction-based confiscation of criminal property and property of corresponding value as well as the use of investigative measures and provisional measures such as suspension of transactions to support asset recovery. There are some technical gaps outside the framework of the Anti-Mafia Code (AMC), however the AMC has broad coverage (see IO.8). Although GdF and the DIA have comprehensive internal policies and operational frameworks on asset recovery in both the domestic and international context, outside these agencies Italy does not have an over-arching country-wide policy and strategy that provides a proactive and consistent structure for domestic coordination on asset recovery across all other authorities. **Recommendation 4 is rated Largely Compliant.**

Recommendation 5 – Terrorist financing offence

In its previous MER, Italy was rated C for R.5, and rating was maintained in its 2019 FUR due to updated legislation to cover the financing of terrorist travel.

Criterion 5.1

Italy has criminalised TF on the basis of the TF Convention. The CC penalises anyone who collects, distributes or makes available goods or money, in any way, to be used in whole or part for carrying out terrorist conduct. Terrorist conduct is defined as any conduct, by its nature or context that may cause serious damage a country or an international organisation or carried out to intimidate a population or compel a government or an international organisation to perform or abstain from performing any act. The definition also includes any conduct defined as "terrorist" or "committed for the purposes of terrorism" by conventions or other international law provisions binding for Italy. (CC, Art. 270-quinquies (1) and 270-sexies). Italy has criminalised TF on the basis of the TF Convention. The CC penalises anyone who collects, distributes or makes available goods or money, in any way, to be used in whole or part for carrying out terrorist conduct. Terrorist conduct is defined as any conduct, by its nature or context that may cause

serious damage a country or an international organisation or carried out to intimidate a population or compel a government or an international organisation to perform or abstain from performing any act. The definition also includes any conduct defined as “terrorist” or “committed for the purposes of terrorism” by conventions or other international law provisions binding for Italy. (CC, Art 270-quinquies (1) and Art. 270-sexies).

Criterion 5.2

The TF offence extends to any person who wilfully provides or collects funds or other assets by any means, directly or indirectly, with the unlawful intention that they should be used, or in the knowledge that they are to be used, in full or in part to carry out a terrorist act(s) or terrorist activity (CC, Art. 270-quinquies and 270-sexies). For financing of terrorist organisations, the CC criminalises anyone who promotes, establishes, organises, direct, or finances associations whose aim is to carry out acts of violence with the purpose or terrorism or subversion of the democratic order (CC, Art. 270-bis). “Finances” is not further defined but is broad enough to generally cover the criterion.

Criterion 5.3

TF offences include financing the travel of individuals who travel to a State other than their States of residence or nationality for the purposes of perpetration, planning, or preparation of, or participation in, terrorist acts or the providing or receiving of terrorist training (CC, Art. 270-quarter (1) and 270-sexies).

Criterion 5.4

The TF offences extend to any funds or other assets whether from a legitimate or illegitimate source. The legislation does not specify any limitation with regard to the origin of the funds and therefore both can apply. Although the definition of funds or other assets is not defined in the CC, the definition of assets under Italy’s Civil Code which has general application is defined broadly as things that can be the subject of rights. (Civil Code Art 810).

Criterion 5.5

The TF offences do not require that the funds or other assets (a) were actually used to carry out or attempt a terrorist act(s) or (b) be linked to a specific terrorist act(s). (CC, Arts 270-bis and 270-quinquies (1)).

Criterion 5.6

Intent and knowledge may be inferred from factual circumstances (see Criterion 3.8 above).

Criterion 5.7

Proportionate and dissuasive criminal sanctions apply to natural persons convicted of TF. TF offences are punishable with imprisonment from 7 to 15 years (CC, Art. 270-bis and 270-quinquies (1)).

Criterion 5.8

Criminal liability can only apply to natural persons (Italian Constitution, Art. 27). However, special sanctions apply to legal persons for a variety of crimes defined in the Criminal Code, including ML and TF. While technically administrative in nature, the crimes are and prosecuted and decide using all the normal criminal processes – e.g. public prosecutors and courts and the CCP (LD 231/2001). Administrative sanctions, which range from fines (minimum of EUR 51 600 (i.e., 200 “units of fine” up to a maximum of EUR 1 549 000) to a prohibition to exercise the activity and/or removal of the licenses or authorisations (for a duration to be determined by the judge). A “definitive interdiction” (i.e., indefinite prohibition) can be applied if the legal person was created solely for the purpose of TF. Such measures apply without prejudice to the criminal liability of natural persons. The administrative sanctions are proportionate and dissuasive.

Criterion 5.9

TF complicity is covered by articles 110, 112, 378, 379, 414 and 416 of the CC. Article 270 bis of the same code provides for the penalty of imprisonment for the conduct as promoter, founder, manager, organiser, and financier of the association involved in the terrorist act: in the case of TF, as soon as the conduct of TF has begun, the offense shall be assessed as already committed and not as merely attempted, and there is no specific requirements stating that the funds must be received by the recipient and any attempt shall be punished as a committed crime as per article 270 bis and 270 quinquies.¹

Criterion 5.10

TF is a predicate offense for ML offense.

Criterion 5.11

TF offences apply regardless of whether the person alleged to have committed the offence(s) is in the same country or a different country from the one in which the terrorist(s)/terrorist organisation(s) is located, or the terrorist act(s) occurred/will occur. (article 6 CC).

Weighting and conclusion –

Recommendation 5 is rated Compliant.

Recommendation 6 – Targeted financial sanctions related to terrorism and terrorist financing²⁵

In its 2015 MER, Italy was rated LC with Recommendation 6. Minor deficiencies related to the lack of a system for active notification to FIs and DNFBPs of newly listed persons.

Identifying and designating

Criterion 6.1

Italy implements TF TFS through EU decisions and regulations, complemented by domestic legislation.²⁶ Italy implements domestic measures through Legislative Decree (LD) No. 109/2007 ("Measures to prevent, counter and suppress the financing of terrorism and the activities of countries threatening international peace and security, in implementation of Directive 2005/60/EC") as amended by Legislative Decree No. 90 of 25 May 2017) and Ministerial Decree (MD) 59/2022 ("Regulation governing the functioning of the Financial Security Committee") which replaces the former MD 203/2010.

Identifying and designating

- a) The Financial Security Committee (FSC) is the competent authority for proposing designation submissions to the UNSCR 1267/1989 and 1988 Sanctions Committees and EU. The FSC consists of 15 members representing various ministries and agencies, including the Ministries of Economy and Finance, Interior, Justice, and Foreign Affairs, GdF, the Carabinieri, Bol, the UIF, the DIA, Customs, CONSOB and IVASS. (LD 109/2007, Art. 3 and 4-ter (1)).
- b) The FSC has an established mechanism to propose targets for designation based on the designation criteria set out in relevant UNSCRs. Information to support possible targets for designation is gathered from law enforcement agencies as well as foreign states and international bodies. (MD 59/2022, Art. 16 and LD 109/2007, Art. 4-quater).

²⁵ Recommendation 6 is newly assessed as Italy has made legal, regulatory or operational framework changes since its last mutual evaluation.

²⁶ At the EU level UNSCR 1267/1989 (on Al Qaida) are implemented through Council Decision 2016/1693/CFSP and EU Regulation 881/2002; UNSCR 1988 (on Taliban) – through Council Decision 2011/486/CFSP and EU Regulation 753/2011; and the UNSCR 1373 - through Council Common Position (CP)2001/931/CFSP and EU Regulation 2580/2001.

- c) An evidentiary standard of proof of “reasonable grounds” or “reasonable basis is applied when deciding whether or not to make a proposal for designation. Proposals for designations are not conditional upon the existence of a criminal proceeding. (LD 109/2007, Art. 4-quarter(c)).
- d) The procedure for proposing designations covers: the sources and types of information to include, to be sent through the MFA to the relevant UN Security Council Sanctions Committee. (LD 109/2007, Art. 4-quarter). The procedure for proposing designations does not specify the standard forms for listing as adopted by the relevant committee (the 1267/1989 Committee or 1988 Committee).
- e) Proposals for designation provide detailed information on the proposed name and a statement of the case on the basis for the listing (described in the Decree as a “motivated proposal”), including any documents required by international designation procedures. (LD 109/2007, Art. 4-quarter (1) - (3)).

Criterion 6.2

- a) At the EU level, the EU Council (through the Council’s Working Party on the Application of Specific Measures to Combat Terrorism (COMET)) is responsible for designating persons or entities that meet the criteria set forth in UNSCR 1373. Designations are considered based on proposals submitted by EU member states or third states. (EU Regulation 2580/2001, Art.2(3); CP 2001/931/CFSP, Art.1(4)). Relevant designations of EU internals (i.e., natural persons who have their roots, main activities, and objectives within the EU) only trigger enhanced police and judicial cooperation. (CP 2001/931/CFSP footnote 1 of Annex 1).

At the domestic level, the FSC is also the authority responsible for designated persons or entities that meet the specific criteria for designation as set for in UNSCR 1373, as put forward on Italy’s own motion either to the EU (LD 109/2007, Art. 4-ter(1), nationally (LD 109/2007, Art. 4-bis(1)), and examining and giving effect to, if appropriate, the request of another country (LD 109/2007 Art. 4-bis(2)) and the AML Law (LD 231/2007, Art. 4(4)). The measures can apply to EU Internals.

- b) At the EU level, proposals for listings are made by member states (for proposals based on decisions taken by their own competent authorities), or by member states or the High Representative for Foreign Affairs and Security Policy (HR) for proposals on the basis of decision(s) by third States’ competent authorities. The EU (through COMET WP) applies designation criteria consistent with the designation criteria of UNSCR 1373 (CP 2001/931/CFSP, Art.1(2) & (4); CR 2580/2001, Art. 2 (3), COMET WP mandate, practical arrangements and working methods 10826/1/07 REV1).

At the domestic level, the same mechanism described in criteria 6.1(b) above is used to identify targets for designation based on the designation criteria set out in UNSCR 1373.

- c) At the EU level, the European External Action Service or relevant member state (acting as intermediary) when receiving a request for designation from a non-EU country, will carry out a first basic scrutiny of the proposal and gather relevant information, including requesting additional information from the requesting country, in particular with regard to and respect for fundamental rights. (CP 2001/931/CFSP, Art. 1(2) and (4), as well as COMET WP mandate, practical arrangements and working methods). If an EU country requests an EU designation, the compliance with due process is assumed when the EU reviews such requests. COMET has 15 days to review the proposal; this timeframe can be shortened in exceptional cases. (doc.14612/1/16 REV 1 on establishment of COMET WP, Annex II, arts.8-9).

At the domestic level, when receiving a request, the same mechanism described in criteria 6.1(c) above applies regarding the evidentiary standard of proof as reasonable grounds or reasonable basis for proposing a designation in the context of UNSCR 1373 and indicates that the FSC shall adopt all measures as necessary for the correct and timely implementation of all freezing measures and inform the requesting state promptly of its outcome (LD 107/2009, Art. 3(6) and 4-bis).

- d) At the EU level, when deciding on a proposal, COMET decides on the basis of a decision (and the information/material supporting that decision) by a competent national body, irrespective of criminal proceedings (CP 2001/931/CFSP, Art.1(4)). At the domestic level, the same mechanism described in criteria 6.1(c) above applies regarding the evidentiary standard of proof as “reasonable grounds” or reasonable basis for proposing a designation. Designations are not conditional upon the existence of a criminal proceeding.
- e) There is no EU procedure or requirements regarding the provision of identifying or supporting information with respect to requesting non-EU countries to give effect to EU designations. Information to support designation may be shared with non-EU members upon request provided EU member states agree. However, pursuant to domestic measures, when requesting another country to give effect to actions initiated under the freezing mechanisms, this must include as much identifying information and specific information supporting the designation as possible (LD 109/2007, Art. 4-bis (2-bis)).

Criterion 6.3

- a) At the EU level, all Member States are required to provide each other with all available relevant information to identify persons meeting the criteria for designation (CP 2001/931/CFSP, Art.4; EU Regulation 2580/2001, Art.8; EU Regulation 881/2002, Art.8). At the domestic level, the FSC can collect or solicit information to identify persons and entities that, based on reasonable grounds, or a reasonable basis to suspect or believe, meet the criteria for designation. (Arts. 3(7-8-9-11) of LD 109/2007).
- b) At the EU level, designations take place without prior notice (EU Regulation 1286/2009, preamble para.5). At the domestic level, the procedures and mechanisms also operate ex-parte against a person or entity who has been identified and whose (proposal for) designation is being considered (LD 109/2007, Art. 4-quinquies).

Freezing

Criterion 6.4

At the EU level, implementation of TFS, pursuant to UNSCRs 1267/1989 and 1988, does not occur “without delay.”²⁷ For TFS under the UNSCR 1373 mechanism, these measures are implemented without delay, except in respect of EU internals. New designations are published on the day they are adopted and enter into force the same day. Once the decision to freeze has been taken, EU Regulation 2580/2001 is immediately applicable within all EU member states.

Domestically, Italy applies a unique multi-pronged approach to implement targeted financial sanctions without delay. Firstly, Italy can address delays regarding 1267/1989 and 1988 designations, whereby the MEF, upon proposal by the FSC, issues a decree imposing a freezing order regarding legal and natural persons in the interim period between UN Security Council action and relative EU implementing action. Italy has a (rapid decision procedure which can ensure issuing the necessary decrees within 24 hours). (MD 59/2022 and LD 109/2007, Art.4 – bis (1)). The decrees take effect from the date of its adoption and is published in the Official Journal. (LD 109/2007, Art. 4-bis (3)). The decree is for a period for six months and can be continually renewed as long as the required conditions are duly met. The measure can also apply for EU internals, both with regard to UNSCRs 1267/1989 as well as 1373. (LD 109/2007, Art. 4-bis(1)).

The domestic decrees have not been issued for new UN designations pursuant to TF-TFS during the reporting period (where the UN made new listings 15 times, listing 13 individuals and 7 entities between

²⁷ This is due to the time taken to consult between European Commission departments and the translation of Commission or Council Implementing Regulations containing the designation into all official EU languages. Though expedited procedures allow for implementation within 72 hours where possible, this does not meet the requirement of “without delay”.

2020 and June 2025) and where there was an average of 6.7-day delay between UN and EU designations). Instead, upon new UN designations, the Italian authorities apply mitigating measures; they identify potential funds or assets or verify possible occurrences or links within Italy. In this context, the authorities conduct comprehensive searches of their numerous databases and information sources for potential funds, assets and other economic resources directly or indirectly traceable to newly listed persons. These measures apply equally to changes to the existing UN listings.

To do this, the GdF checks its internally developed databases, the Dorsale Informatica, to access 138 confidential and open-sourced databases which include real estate ownership information, bank account information, business registers, vehicle registers etc. supported by the Molecola which also contains law enforcement databases, tax administration database, land register, boat registries, company register etc. The system is able to draw analyses and linkages to the different information in the databases including investigative information (e.g. transcripts of wiretaps, account statement details etc.) in order to quickly identify assets and economic resources, or even just the occurrence of the relevant name within Italy. The GdF also accesses AML/CFT information held by the obliged entities (as supervisory authority of the non-financial sector and of professionals, the GdF can request data and information concerning CDD), as well as of information resulting from international cooperation. (See IO.10 core issue 10.2).

The UIF also promptly informs intermediaries (including FIs and DNFBPs) of new UN listings. FIs and DNFBPs must identify and report any potential suspicious transactions, which would include any transactions with a suspected link to the new UN listings and allows the FIU to exercise the power of suspension for timely seizure by the judicial authorities pursuant to the AMC as explained below. FIs and DNFBPs generally make use of automated IT systems screening their customers, which would assist to identify any potential funds or assets and support the issuing of an MEF decree. During the assessment period, FIs and DNFBPs did not find any matches or potential matches for new UN listings.

As no matches were found, the Italian authorities determined that MEF decrees were not needed.

The authorities can also implement rapid seizures against natural and legal persons designated by the United Nations Sanctions Committee or other international bodies competent to order the freezing of funds or economic resources, when there are reasonable grounds to believe that the funds or resources may be dispersed, concealed or used to finance terrorist organisations or activities, including international ones under the Anti-Mafia Code (AMC, Art. 16). This mechanism has not been applied during the reporting period, but the absence of identified assets or transactions linked to newly designated UN persons/entities confirms the limited materiality of the threat in the domestic system,

While there is no direct legal basis for natural and legal persons, to freeze funds or prohibition to make funds available to newly listed UN persons or entities during the gap between UN listings and EU transpositions, the comprehensive searches conducted by the Italian authorities substantially mitigate the risk of asset flight following new UN listings which therefore largely fill the implementation gap on this issue.

Criterion 6.5

- a) At the EU level, for 1373 designations, there is no requirement to freeze assets of listed individuals that are EU internals. Listed EU internals are only subject to increased police and judicial cooperation among members (CP 2001/931/CFSP footnote 1 of Annex 1). Under UNSCRs 1267/1988, 1989, 1373 all natural and legal persons within or associated with the EU are required to freeze without prior notice and delay the funds or other assets of designated persons and entities (EU Regulation 753/2011, arts.3, 14; EU Regulation 881/2002, arts.2(1), 11; EU Regulation 2580/2001, arts.2(1)(a), and 10).

Given the gap between new UN listings and EU transposition, and the lack of a specific national decree, there is not a requirement for all natural legal persons to freeze without delay and without

prior notice the funds or other assets of designated persons or entities. See the description in criterion 6.4 above.

- b) At the EU level, freezing actions for UNSCRs 1267/1989 and 1988 extend to all funds and economic resources belonging to, owned, held or controlled, either directly or indirectly, by a designated person or entity, or by a third party acting on their behalf or at their direction. This extends to interest, dividends or other income on or value accruing from or generated by assets (EU Regulation 881/2002, arts.1(1), 2; EU Regulation 753/2011, arts.1(a), 3). This does not explicitly cover jointly-owned assets, although this interpretation is taken in non-binding EU Best Practices on sanctions implementation (EC document 8519/18, para.34-35).

Under the EU mechanism on UNSCR 1373, the freezing obligation applies to all funds, other financial assets and economic resources belonging to, or owned or held by the designated person or entity (EU Regulation 2580/2001, arts.1(1), 2(1)). There is no explicit reference to funds or assets controlled by, indirectly owned by, derived from assets owned by, or owned by a person acting at the direction of a designated person or entity. However, this gap is largely addressed by the EC's ability to designate any legal person or entity controlled by, or any natural or legal person acting on behalf of, a designated person or entity (EU Regulation 2580/2001, Art.2(3) (iii) and (iv)). As above, the notion of joint ownership is not explicitly covered, although this interpretation is taken in non-binding EU Best Practices (EC document 8518/18, para.35).

At the domestic level, decrees by the MEF (when issued) cover the freezing of "funds and economic resources." These are broadly defined to cover the FATF definitions. These extend to funds and economic resources held by designated persons or entities or held via third-party natural or legal persons. (LD 109/2007, Art. 4-bis(1)). Through the definition of "economic resources", the decrees apply to those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities. They also apply to funds or other assets of person and entities acting on behalf of, or at the direction of, designated persons or entities, and funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities.

- c) At the EU level, natural and legal persons are prohibited from making funds, other assets or economic resources available unless authorised by a national competent authority (EU Regulation 881/2002, Art.2(2), (3); EU Regulation 753/2011, Art.3(2); EU Regulation 2580/2001, Art.2(1)(b)). The EU UNSCR 1373 mechanism explicitly extends to the provision of financial services (EU Regulation 2580/2001, Art.2(2)). While there is no similar explicit prohibition in the EU UNSCR 1267/1989 and 1988 mechanism, this is covered by the broad definition of funds and other assets (economic resources) and the prohibition to make available assets that can be used to obtain such services (EU Regulation 881/2002, Art.1(2); EU Regulation 753/2011, Art.1(c)). However, deficiencies in respect of freezing obligations noted under c.6.5(a) for EU internals applies to this criterion.

The domestic measures cover the prohibition to make, directly or indirectly, funds and economic resources, or financial or other related services available to designated subjects or funds and economic resources allocated to their benefit (LD 109/2007, Art. 1(1)(c) and 5(4)). However, as no domestic decrees were issued during the reporting period (2020 - June 2025), this prohibition did not apply during the time between new UN listings and EU transposition during this time period (an average of 6.7 days). Through the definitions of funds and economic resources (described in criterion 6.5), these would apply to entities owned or controlled, directly or indirectly, by designated persons or entities; and persons and entities acting on behalf of, or at the direction of, designated persons or entities. These measures can apply to EU internals.

- d) At the EU level, information on EU designations is published in the Official Journal of the EU and included in the EU's Financial Sanctions Database the next working day (which includes a newsletter service to which FIs and DNFBPs can subscribe), though there may be delays to updates

via the newsletter service notably in case of designations on Fridays or over the weekend. Guidance in relation to EU sanctions is published on the website of the European Commission.

Italy also has mechanisms for communicating designations to the financial sector and the DNFBPs immediately upon taking such action and providing clear guidance to financial institutions and other persons or entities, including DNFBPs, that may be holding targeted funds or other assets, on their obligations in taking action under freezing mechanisms. The UIF shares the communication of new listings among FIs, DNFBPs, SRBs and professional associations (combined provisions LD 109/2007, Art. 4-quinquies(3) and 10(2)). For this purpose, the UIF publishes new listings on its website through dedicated public notices and sends a corresponding e-mail alert to all persons (including FIs and DNFBPs) who register for such service.

Each authority within the FSC provides guidance within the scope of its own institutional mandate. In particular the UIF has dedicated pages on its website regarding TF/PF TFS implementation, providing information for the private sector on their TFS obligations as well as on relevant national, EU and international legislation.

- e) At the EU level, all natural and legal persons (incl. FIs and DNFBPs) are required to report any information which would facilitate compliance with TFS obligations to their respective national competent authorities. This requirement does not explicitly extend to reporting attempted transactions, although this is covered by the requirement to report “any information which would facilitate compliance” with the relevant Regulations. The scope gap in obligations in respect of 1373 designations (EU internals) also applies to this criterion. (EU Regulation 753/2011, Art.8; EU Regulation 881/2002, Art.5(1); EU Regulation 2580/2001, Art.4).

At the domestic level, financial institutions and DNFBPs must report to competent authorities (i.e. the UIF and GdF) any assets frozen or actions taken in compliance with the prohibition requirements of the relevant UNSCRs, including attempted transactions (LD 109/2007, Art. 7).

- f) At the EU level, for 1267/1988, 1989 and 1373 designations, third parties acting in good faith are protected (EU Regulation 753/2011, amended by EU Regulation 1286/2009, and 2016/1686 Art. 12 and 13, Art.6 and 7; EU Regulation 881/2002, Art.6; EU Regulation 2580/2001, Art.6). The domestic measures also protect the rights of third parties acting in good faith when undertaking freezing actions (LD 109/2007, Art. 5 (8)).

Criterion 6.6

- a) At the EU level, for designations under the 1267/1989 and 1988 mechanisms, there are procedures to submit de-listing requests to the relevant UN Sanctions Committee in line with Committee procedures (EU Regulation 881/2002, Art.7c; EU Regulation 753/2011, Art.11(4)). EU measures imposing targeted financial sanctions pursuant to 1267/1989 and 1988 may be challenged by instituting proceedings before the EU Court of Justice (art.263, par.4 and Art.275, par.2 of the Treaty on the Functioning of the European Union for challenging EU regulations or CFSP Decisions.)

At the domestic level, the FSC can propose de-listing requests to the relevant UN sanctions Committee (as well as the EU Council) in the case of persons and entities designated pursuant to the UN (and EU) Sanctions Regimes, in the view of the country, do not or no longer meet the criteria for designation. (LD 109/2007, Art. 4-sexies). The measures do not specify that such procedures and criteria be in accordance with procedures adopted by the 1267/1989 Committee or the 1988 Committee, as appropriate.

- b) At the EU level, de-listing procedures are available for designations under the 1373 mechanism under EU Regulation 2580/2001.

Under domestic measures, de-listing and unfreezing takes place following the expiration of a domestic decree, which would no longer be renewed in the case the designated persons or entities no longer meet the designation criteria (LD 109/2007, Art. 4(2)).

- c) At the EU level, a person or entities designated under the 1373 mechanism can write to the EU Council to have the designation reviewed by COMET WP (CP 2001/931/CFSP) or may institute a proceeding before the EU Country of Justice (Treaty on the Functioning of the European Union, arts.263(4), 275(2)).

At the domestic level, a petition for review can be made to the Administrative Tribunal (LD 104/2010, Art. 29).

- d) and (e) At the EU level, persons designated under UNSCR 1267 etc. and 1988 are informed of applicable de-listing procedures, which include the availability of the focal point (for designations under UNSCR 1989) and the UN Office of the ombudsperson (for UNSCR 1267/1989 designations). (EU Regulation 881/2002, Art.7(a); EU Regulation 753/2011, Art.11(4)).

The FSC periodically reviews the listings in accordance with subjects in international lists. The FSC informs listed entities through the GdF and informs listed individuals/entities of the reasons underlying the listing decision, the freezing measures imposed on them, the cases allowing for de-listing request, the national and international authorities competent to receive the de-listing request (e.g. the Focal point mechanism and United Nations Office of the Ombudsperson), and the national, European and international authorities competent to receive appeals against the measures undertaken. (LD 109/2007, Art. 4-quinquies).

- e) At the EU level, procedures for unfreezing funds due to cases of mistaken identity are in place (EC document 8519/18, paras. 8-17, 37).

Domestic measures do not contain procedures (publicly known or otherwise) to unfreezing funds due to mistaken identity.

- f) At the EU level, de-listings are communicated via publication of updated lists in the EU official journal and notifications within the EU sanctions database for subscribers. Guidance mentioned under c.6.5(d) also contains information on the obligations to respect a de-listing action.

At the domestic level, de-listings and unfreezings are communicated to FIs and DNFBPs in the same way as listings (see criterion 6.5(d)). Guidance described regarding listings in criterion 6.5(d) regarding listings also covers de-listings.

De-listing, unfreezing and providing access to frozen funds or other assets

Criterion 6.7

At the EU level, regulations imposing TFS obligations contain measures for national competent authorities to authorise access to frozen funds, where necessary for basic expenses or the payment of certain expenses in line with UNSCR 1452 (EU Regulation 881/2002, Art.2a; EU Regulation 753/2011, Art.5; EU Regulation 2580/2001, arts.5, 6).

Domestic measures allow for access to frozen funds for necessary basic expenses and payment of other expenses through the application of exemptions in line with relevant EU and international law, including UNSCR 1452 and UNSCR 1373 (LD 109/2007, Art. 4-septies).

Weighting and conclusion –

While Italy has a domestic framework for TF-TFS that complements the EU framework, authorities did not issue the domestic decrees meaning that there was no direct obligations to freeze funds and other assets of newly designated persons and entities by the UN without delay, and no prohibition on making funds available to such persons or entities (c.6.4 and 6.5). However, authorities applied other measures to substantially mitigate potential risk and largely bridge the implementation gap on these issues. Other deficiencies in c.6.1(d) (domestic procedures for proposing designations which do not specify the standard forms for listing as adopted by the

relevant UN committee), and c.6.6 (de-listing and unfreezing procedures) are considered minor.
Recommendation 6 is rated Largely Compliant.

Recommendation 7 – Targeted financial sanctions related to proliferation

In its 2015 MER, Italy was rated PC with Recommendation 7. The deficiencies related to the legislation not guaranteeing implementation without delay and the lack of a system for active notification to FIs and DNFBPs of newly listed persons.

Italy implements PF TFS through EU decisions and regulations, complemented by domestic legislation.²⁸ At the domestic level, the regulation and measures for TF-TFS apply equally to PF-TFS as described in R.6 above. These are implemented through Legislative Decree (LD) No. 109/2007 (“Measures to prevent, counter and suppress the financing of terrorism and the activities of countries threatening international peace and security, in implementation of Directive 2005/60/EC”) as amended by Legislative Decree No. 90 of 25 May 2017) and Ministerial Decree (MD) 59/2022 (“Regulation governing the functioning of the Financial Security Committee”) which replaces the former MD 203/2010.

Criterion 7.1

At the EU level, implementation of TFS, pursuant to UNSCR 1718, does not occur “without delay.” This is due to the time taken to consult between European Commission departments and the translation of Commission or Council Implementing Regulations containing the designation into all official EU languages.

Domestically, Italy can address delays regarding UN designations, whereby the MEF, upon proposal by the FSC, issues a decree regarding legal and natural persons in the interim period between UN Security Council action and relative EU implementing action. This decree is for a period for six months renewable in the same form as long as the required conditions are duly met (Art 4-bis(1) of LD 109/2007). See c.6.4 above for further details. During the reporting period (2020 - May 2025), the UN made no new listing pursuant to UNSCR 1718; therefore, no domestic decrees needed to be issued.

Criterion 7.2

- a) At the EU level, all natural and legal persons within the EU are required to freeze the funds or other assets of designated persons or entities as soon as a designation is published, i.e. without prior notice (EU Regulation 2017/1509, Art.1 and 2). Though delays in implementation apply as described under c.7.1.

At the domestic level, pursuant to decrees all natural and legal persons are required country to freeze, without delay and without prior notice, the funds or other assets of designated persons and entities. see the description in criteria 6.4 and 6.5(a) above.

- b) At the EU level, freezing actions for UNSCR 1718 extend to all funds and economic resources belonging to, owned, held or controlled, either directly or indirectly, by a designated person or entity, and includes assets generated from such funds. (EU Regulation 2017/1509, Art. 1 and 34). This does not explicitly cover jointly-owned assets, although this interpretation is taken in non-binding EU Best Practices on sanctions implementation (EC document 8519/18, para.34-35).

While the definition does not explicitly cover funds or assets of persons acting on behalf or at the direction of a designated person or entity, this is largely captured by the coverage of funds ‘controlled’ by the designated person (Para 55b. of the Guidelines on implementation and

²⁸ At the EU level, UNSCR 1718 (2006) on DPRK and its successor resolutions are implemented through Council Decision [2016/849/CFSP](#) and EU Regulation [2017/1509](#).

evaluation of restrictive measures (sanctions) in the framework of the EU Common Foreign and Security Policy).

At the domestic level (see criterion 6.5(b) above): decrees by the MEF cover the freezing of “funds and economic resources.” These are broadly defined to cover the FATF definitions. These extend to funds and economic resources held by designated persons or entities or held via third-party natural or legal persons. (LD 109/2007 Art. 4-bis(1)). Through the definition of “economic resources”, the decrees apply to those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities. They also apply to funds or other assets of person and entities acting on behalf of, or at the direction of, designated persons or entities, and funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities.

- c) At the EU level, EU nationals and natural and legal persons within the EU are prohibited from making funds and other assets available unless otherwise authorised or notified in compliance with the relevant UNSCRs (EU regulation 2017/1509, Art.34(3)). Regulations apply to any natural or legal person, entity, body or group in respect of any business done in whole or in part within the EU. At the domestic level, it is prohibited to make any funds or other assets available to or for the benefit of designated persons or entities, (LD 109/2007, Art. 5(4)).
- d) At the EU level, the same mechanism to communicate PF TFS is used as for TF TFS (see c.6.5(d)). At the domestic level, Italy also has mechanisms for communicating designations to the financial sector and the DNFBPs immediately upon taking such action and providing clear guidance to financial institutions and other persons or entities, including DNFBPs, that may be holding targeted funds or other assets, on their obligations in taking action under freezing mechanisms (see c.6.5(d)).
- e) At the EU level, all natural and legal persons (incl. FIs and DNFBPs) are required to report any information which would facilitate compliance with TFS obligations. (EU Regulation 2017/1509, Art. 50). This requirement does not explicitly extend to reporting attempted transactions, although this is covered by the requirement to report “any information which would facilitate compliance” with the relevant Regulations.

At the domestic level, see criterion 6.5(e) above. Financial institutions and DNFBPs are required to report to competent authorities any assets frozen or actions taken in compliance with the prohibition requirements of the relevant UNSCRs, including attempted transactions.

- f) At the EU level, protections are in place for third parties acting in good faith (EU Regulation 2017/1509, Art.54). The domestic measures also protect the rights of third parties acting in good faith when undertaking freezing actions (LD 109/2007, Art. 5 (8)).

Criterion 7.3

Italy has measures for monitoring and ensuring compliance with financial institutions and DNFBPs with the requirements of Recommendation 7. The BoI, Consob, IVASS and GdF monitor and ensure compliance with the freezing obligations (LD 109/2007 Art. 10(1) and 11(1)). This task is carried out by a series of both off-site (e.g. requests addressed to FIs and DNFBPs) and on-site activities (e.g., during inspections, the UIF and the GdF consider aspects related to the correct implementation of freezing measures). The UIF, within its control activities, also verifies the compliance with TFS freezing obligation and related reporting requirements.

Failure to apply the regulations may result in administrative or criminal sanctions. Administrative sanctions are available to address infractions of the freezing orders, unless the conduct constitutes a criminal offence. Authorities can issue a fine ranging from EUR 5 000 to EUR 500 000 where a financial institution or DNFBP makes funds or economic resources available (frozen or not) or violates any other relevant freezing obligations. Administrative penalties ranging from EUR 500 – 25 000 can also be applied if an FI or DNFBP

fails to comply with the notification requirements to the FIU and the GdF (LD 109/2007, Art. 7(3) and Art. 13).

Criterion 7.4

- a) At the EU level, listed persons are informed of their ability to petition the UN Focal Point or their own government for de-listing, through the EU Best Practices document for the effective implementation of restrictive measures (page 11, para. 23). At the domestic level, see criterion 6.6(a) above. The FSC can propose de-listing requests to the UN or national lists upon its own motion or at the request of listed persons. However, the procedures do not specify the Focal Point mechanism for de-listing established pursuant to UNSCR 1730.
- b) At the EU level, procedures for unfreezing funds due to cases of mistaken identity are the same as those described under c.6.6(f). At the domestic level, see criterion 6.6 (f) above. There are no procedures (publicly known or otherwise) to unfreezing funds due to mistaken identity.
- c) At the EU level, the regulations imposing TFS obligations under UNSCR 1718 contain measures for national competent authorities to authorise access to frozen funds or other assets may be authorised under the conditions set out in UNSCR 1718. (EU Regulation 2017/1509, Art. 35-36). At the domestic level, see criterion 6.7 above. Domestic measures allow for access to frozen funds for necessary basic expenses and payment of other expenses through the application of exemptions in line with relevant EU and international law, including UNSCR 1718.
- d) At the EU level, de-listings are communicated via publication of updated lists in the EU official journal and notifications within the EU sanctions database for subscribers. Guidance mentioned under c7.2(d) also contains information on the obligations to respect a de-listing action. At the domestic level, de-listings and unfreezings are communicated to FIs and DNFBPs in the same way as listings (see criterion 6.5(d)).

Criterion 7.5

- a) At the EU level, regulations permit the addition of interests or other sums due on those accounts or payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of this resolution, provided that these amounts are also subject to freezing measures. (EU Regulation 2017/1509, Art. 34(9)).

At the domestic level, the procedure does not specifically permit the addition to the accounts frozen pursuant to UNSCRs 1718 of interests or other earnings due on those accounts or payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of this resolution, provided that any such interest, other earnings and payments continue to be subject to these provisions and are frozen. There are only provisions for the *Agenzia del Demanio* (Italian State Property Agency) to oversee the safekeeping, administration and management of the funds subject to freezing, implementing the minimum and irrevocable measures necessary to prevent damage to them within the limits of the resources available for this purpose. (LD 109/2007, Art. 12).

- b) This sub-criterion is not applicable, as the TFS elements of UNSCR 2231 expired on 18 October 2023. Therefore, this analysis did not assess the implementation of UNSCR 2231.

Weighting and conclusion –

Italy's framework for PF-TFS applies in the same way as for TF-TFS, with the EU framework being supplemented by domestic measures available in LD 109/2007 which broadly cover the criteria in R.7 and allow Italy to implement freezing requirements without delay (c.7.1). There are minor deficiencies in c.7.4 (de-listing and unfreezing procedures), procedures not specifying the Focal Point mechanism), and c.7.5 (permitting the addition to accounts frozen pursuant to UNSCR 1718).

Recommendation 7 is rated Largely Compliant.

Recommendation 8 – Non-profit organisations (NPOs)

In its 2015 MER, Italy was rated LC for R.8 based on the fragmented monitoring system that was not focused on TF risks, policies to promote transparency and integrity of the sector that needed improvement, and lack of a specific point of contact and procedure to respond to international requests of information related to NPOs.

Taking a risk-based approach

Criterion 8.1

Criterion 8.1(a)

- a) Italy has a large and diverse NPO sector. Of the overall more than 360 000 non-profit institutions overall, Italy identified a total of 25 666 were fit within the FATF NPO definition, i.e. primarily engaging in raising or disbursing funds for e.g. charitable, religious, cultural, educational, social or fraternal or other types of “good works”. In conducting its NRA, Italy cast a slightly wider net of entities that do not necessarily fall within the FATF definition of NPO, to include certain cultural and religious associations. These (approximately 1 000) do not engage primarily engage in raising or disbursing fund for charitable purposes. They are unincorporated associations which lack legal foundation, budgetary powers but may occasionally conduct fundraising activities. Italy has identified these as higher risk due to the fact that they pose exposure to terrorism-related threats, including occasional collections of cash and potential abuse for TF purposes on their potential to foster TF and lack of any formal registration requirements or monitoring regime for these associations. Specifically, they are as follows:

Category	Number
Philanthropy and volunteering	4 058
International cooperation and solidarity	4 479
Religion	17 129
Total	25 666

Criterion 8.1(b)

- a) Italy has conducted a risk assessment of NPOs to identify the nature of TF risks posed to them. The following parts of the sector have been identified as posing a higher TF risk: NPOs working in the area of development cooperation in conflict zones or with subjects coming from conflict areas, non-governmental organisations and religious associations. As to NPOs working in the area of development cooperation in conflict zones, 58 entities were identified as being potentially exposed to TF risks. In the area of religious associations, about 1 000 cultural and religious associations were identified as being exposed potentially to TF risks. As mentioned above, many of these cultural and religious associations may not formally correspond to the FATF definition but have been included based on potential exposure to TF risk.

Criterion 8.1 (c)

- a) Italy does not have in place focused, proportionate and risk-based measures to address the TF risks identified in line with the risk-based approach. NPOs are subject to numerous measures by different authorities. But these relate to overall monitoring and requirements that apply to all NPOs, without any specific or focused measures targeted for high-risk NPOs, or law enforcement measures to identify possible TF activity for investigation rather than oversight and monitoring measures to prevent TF abuse. These are as follows:
- The **Ministry of Labor and Social Policies** (MLSP), maintains the National Single Register (RUNTs) of all NPOs defined the Third Sector Entities (ETS) pursuant to the Third Sector Code.

All NPOs must be registered to obtain tax benefits and fulfil requirements including relating to the purpose and nature of the NPO, accounting records and balance sheets with income and expenses, company books maintenance, and by-laws (see criterion 8.2). The MLPS monitors NPOs as well as their network associations and may in some cases designate network associations to carry out checks on their member bodies. These will check the administrative requirements and will periodically carry out the revision of the Register, deleting the subjects who no longer meet the legal requirements. (Arts 93 and 94 and LD 117/2017).

- **The Revenue Agency:** is responsible for an independent control activity on Third Sector Entities (ETS) registered RUNTS for the purposes of applying the rules on the particular tax regime and the right to access tax benefits, provided for by the Third Sector Code. The Revenue Agency's control activity may be carried out through access, inspections, checks of employees, as well as through the opening of proceedings; the sending of questionnaires relating to data or information of a specific nature connected to the assessment against them; as well as the request by the State administrations to other public bodies for information or data or information relating to such subjects.
- The **Italian Agency for Development Cooperation** (*Agenzia Italiana per la Cooperazione allo Sviluppo* – AICS) also monitors NPOs for compliance with development cooperation and procurement requirements. In addition to registry in the NPO register (RUNTS), AICS maintains its own register of 261 Civil Society Organisations (CSOs) and conducts checks in order to verify whether they can receive foreign aid funding. AICS verifies that projects are implemented as planned, meet financial disclosure and expense auditing requirements. While not specifically aimed at preventing TF, AICS' measures include checking against UN, FATF, and EU lists to ensure that the CSOs are not related to or involved with the CSOs. All registered entities are checked every three years, including contracting clauses that include clauses on preventing TF and other crimes. Several CSOs have been cancelled and de-registered, although not relating to TF. AICS' measures apply to all CSOs without specific measures dealing with the approximately 58 NPOs identified as potentially exposed to higher risk in the NRA.
- The **Ministry of Interior**, through its territorial branches, monitors cultural associations and places of worship present on the national territory, including in order to prevent and counter potential threats against the security of the State from radical Islamist environments. The Ministry's direct functions pertain to verifying certain legal requirements, e.g. safety of the premises, occupancy and fire code compliance. But the Mol conducts intelligence gathering, and if it finds other information requiring further investigation, it will refer the case to the GdF or other police forces to coordinate any further action. No cases were referred to the during the reporting period
- The **GdF's** Investigative Group on the Financing of Terrorism at the Special Currency Police Unit (NSPV) conducts tactical and operative analysis of risk and context, to identify the trends and dynamics concerning the financing of terrorism, of the relative illicit schemes adopted and of the subjects involved. In this context, the GdF developed a risk activity tool to dedicated to the risk of terrorist financing abuse of NPOs and investigating entities that may be involved in TF. This Operational Risk Analysis (*Analisi Operative di Rischio* - AOR) called "Books, Money, Gun" analysed information on registered NPOs and unregistered associations using available information (e.g. the NPO registry, tax registry, STR information, investigative analysis, and open-source material) to select NPOs most exposed to risk, such as religious-based NPOs as well as entities linked to them. The tool also identified trends and dynamics concerning the financing of terrorism, of the relative illicit schemes adopted and of the subjects involved. (While not based on the NRA's findings directly of high-risk entities, the results largely matched the NRA's findings). The tool initially identified 21 NPOs (up to

February 2025) for formal investigation up to February 2025, and an additional 18 NPOs for formal investigation as of June 2025 (see. IO.10 for more details and the results of these investigations).

The GdF also carries out tax controls and subsequent investigations for tax purposes, including on NPOs pursuant to GdF's general functions of prevention and investigation of economic-financial violations. The data and information acquired during tax controls by the GdF is also exploited in the AOR to better direct the identification of targets of interest.

- **UIF:** The UIF also monitors the TF risk scenario associated with NPOs, as emerging from the STRs and any other relevant information source both national and international, leading to specific Communications on TF containing also specific references to NPOs (18 April 2016 and 13 October 2017) in order to assist RE in the fulfilment of their obligations. Moreover, more recently, it led to the updated indicators of anomalies dated May 2023, which built upon the indicators provided in the previous Communications. STRs and related information that may involve TF related to NPOs disseminated by the UIF are used as both a source for identifying an investigation and to support ongoing investigations and monitoring of potential TF activity by the GdF.

Sustained outreach concerning terrorist financing issues

Criterion 8.2

Criterion 8.2(a)

Italy has policies to promote accountability, integrity and public confidence in the administration and management of NPOs. The Third Sector Code provides a uniform definition of Third Sector Entities (ETS) and established a single register system (RUNTS). RUNTS ensures a large amount of information is recorded and available e.g. activities, management and control, company books, and financial statements). (Law 106 of 2016 and Legislative Decree 117 of 2017).

Criterion 8.2(b and c)

Italy has undertaking only limited outreach and educational programmes to raise and deepen awareness among NPOs as well as the donor community about the potential vulnerabilities of NPOs to TF abuse and TF risk and the measures that NPOs can take to protect themselves against such abuse. Outreach included several meetings with some NPOs during the NRA process and one meeting organised by the FSC in March 2024 for the purposes of analysing of the non-profit sector. AICS also conducted outreach regarding to promote overall accountability and transparency of the sector. Italy has not worked with NPOs to develop and refine best practices to address TF risks and thus protect them from TF abuse.

Criterion 8.2(d)

Italy has taken measures to encourage NPOs to conduct transactions via regulated financial and payment channels, wherever feasible providing that FIs and DNFBPs do not preventively and generally exclude certain categories of entities from the offer of products and services solely on the basis of their potentially high exposure to the risk of money laundering or terrorist financing (AML Law, Art. 16.2 bis). NPOs dealing with development cooperation (such as CSOs) are required to perform of transactions through authorised financial channels in order to guarantee the traceability for the purpose of control and prevention of administrative and criminal abuse. (Law 125 of 11 August 2014). All companies that participate in any capacity in public procurement must use of one or more bank accounts dedicated to public contracts in order to ensure the traceability of financial flows aimed at preventing criminal infiltration. This applies the chain of contractors and subcontractors. (Law 136 of 13 August 2010). There has not been any other outreach to NPOs in general, or target specifically to those at higher risk, to encourage them to use regulated financial channels where possible.

Focused, proportionate and risk-based oversight or monitoring of NPOs

Criterion 8.3 (a and b) / Criterion 8.4 (a)

Italy has limited measures to promote and demonstrate focused, proportionate and risk-based oversight and monitoring of NPOs. As indicated above in criterion 8.1 (c), there are numerous authorities exercise monitoring responsibilities over different aspects of the NPO sector - the MLSP, the Revenue Agency, AICS, the Ministry of Interior, the GdF and the FIU. But these relate to overall monitoring and requirements that apply to all NPOs, without any specific or focused measures targeted for high-risk NPOs, or law enforcement measures to identify possible TF activity for investigation, which are more relevant for punishing TF conduct pursuant rather than preventing TF abuse of NPOs in relation to R.8. There are no specific oversight measures (e.g. proactive measure to detect and respond to significant changes in risk) and monitoring mechanisms for higher-risk NPOs (e.g. to detect entities that are failing to comply with their specific requirements that may then constitute the basis for triggering more intrusive intervention). Nor have any authorities laid out oversight or monitoring approach for medium and low TF risk NPOs, proportionate with the level and nature of risks they are exposed to.

Criterion 8.4 (b)

The authorities are able to apply a range of effective, proportionate and dissuasive sanctions for violations by NPOs or persons acting on behalf of these NPOs. Pursuant to the Third Sector Code, these include administrative sanctions for failure to comply with the registration, reporting, and other requirements in the LD 117/2017 (Third Sector Code). These include removal of trustees, fines, de-certification, delicensing and deregistration, loss of tax benefits. This does not preclude the possibility of additional administrative sanctions or criminal sanctions for violations of the sanctions law (LD 109/2007), the AML Law (LD 231/2007) or the TF provisions in the Criminal Code (Art 270-bis and 270-quinquies).

Effective information gathering and investigation

Criterion 8.5

- a) Italy has mechanisms to ensure effective cooperation, co-ordination and information-sharing to the extent possible among all levels of appropriate authorities and organisations that hold relevant information on NPOs. These include the FSC and its constituent authorities, as well as CASA and its constituent authorities, that share information related to potential terrorist organisations and terrorist treats (LD 109/2007, Art.3(7) and MD 59/2022). This includes potential TF cases related to the suspected NPOs.
- b) The Italian authorities have sufficient investigative expertise and capability to examine those NPOs suspected of either being exploited by, or actively supporting, terrorist activity or terrorist organisations. The include: the GdF's Special Currency Police Unit (NSPV) (described in detail in IOs 7, 8 and 9) and the UIF (described in detail in IO.6)
- c) The Italian framework and operational measures ensure that access to relevant information on the administration and management of particular NPOs (including financial and programmatic information) can be obtained during the course of an investigation. The GdF has carried out interventions based on the competence granted by the LD 68/2001 which allows the GdF to carry out inspections within NPOs, ensuring the GdF may obtain relevant information during an investigation.
- d) Italy has appropriate mechanisms to ensure that where there is a suspicion that a particular NPO is involved in TF or is concealing the diversion of funds intended for legitimate purposes, this information is promptly shared with competent authorities. The UIF marks STRs that may be related to such abuse and transmits them to the LEAs (GdF and DIA) to facilitate their investigation.

The GdF also communicates the CASA the names contained in the STRs to CASA pursuant to the cooperation mechanism described in c.8.5(a) above.

Effective capacity to respond to international requests for information about an NPO of concern

Criterion 8.6

The FSC is the central contact point for responding to requests from other States or international bodies for questions relating to the risk of abuse for the purposes of terrorist financing of the NPOs (pursuant to the Third Sector Code) (LD 95 of 30 June 2025, amending LD 109/2007).

Weighting and conclusion –

Italy has determined the numbers of NPOs that fit within the FATF definition and certain entities that may not formally fit within the FATF definition but were assessed as potentially at risk for TF abuse (c.8.1(a)) and conducted a risk assessment of NPOs to identify the nature of TF risks posed to them. Italy has comprehensive investigative powers and cooperation to combat abuse of TF (c.8.5) and proper points of contact for international requests (c. 8.6). However, Italy has undertaking only limited outreach and educational programmes to raise and deepen awareness among NPOs, has not worked with the sector to develop and refine best practices (c.8.2 (b) and (c)), and has taken limited measures to encourage NPOs to conduct transactions via regulated financial and payment channels (c.8.2(d)). And Italy does not have in place focused, proportionate and risk-based measures to address the TF risks identified in line with the risk-based approach. This affects criteria 8.1(c) 8.3 and 8.4(a) which are all partly met and are given more weight given the importance of the risk-based approach to oversight and monitoring of NPOs. **Recommendation 8 is rated Partially Compliant.**

Recommendation 9 – Financial institution secrecy laws²⁹

In its 2015 MER, Italy was rated C with R.19.

Criterion 9.1

The laws applicable to FIs do not appear to inhibit the implementation of AML/CFT measures. Italian financial institutions are subject to data protection provisions, and, in most cases, contractual confidentiality obligations. However, there are clear provisions for the processing and sharing of personal data for the purposes of compliance with the laws, regulations, or EU Regulation n. 2016/67 on General Data Protection (Article 1 and Article 2ter of the Personal Data Protection Code). There is also a requirement for sharing of information in specific circumstances including:

- a) Access by competent authorities to properly conduct their AML/CFT functions is ensured through various provisions. The UIF, GdF and DIA can request information from reporting entities for the purpose of analysing and investigating the facts reported in an STR (AML Law, Art. 6 (5) (a) and 40 (2)); The supervisory authorities and the Special Foreign Exchange Unit of the GdF have the power to request and acquire from reporting entities all documents, records and any other information useful to perform their functions (Art. 7 (2), (b) and 9 (4) (a- bis))
- b) The MEF, sectoral supervisory authorities, UIF, DIA, GdF, relevant administrations and bodies, the Judicial Authority and investigating bodies can cooperate to enable the identification of any circumstances whose knowledge can help to prevent the use of the financial and economic system

²⁹ This Recommendation was not under review. Therefore, the text for the Recommendation is copied from the 2015 MER, with minor non-substantive edits included from Italy.

for ML/TF purposes (Art 12, para. 1 and 1-bis). Explicit derogation to professional secrecy are provided as detailed under Rec 2 /criterion 2.4.

- c) Sharing of information between FIs is explicitly permitted in certain circumstances: The sharing of information about an STR between institutions belonging to the same group (AML Law, Art. 39 (3)). The exchange of information for AML/CFT between FIs that are not part of a same group is also made possible in specific conditions (same clients or same transactions. See also criterion 21.2 for more details (AML Law, Art. 39 (5)).

Weighting and conclusion –

Recommendation 9 is rated Compliant.

Recommendation 10 – Customer due diligence

In its 2015 MER, Italy was rated LC with R.10 based several minor deficiencies and a material deficiency relating to CDD exemptions.

Criterion 10.1

The opening or use of anonymous accounts or accounts held in fictitious names is prohibited (AML Law, Art. 50).

When CDD is required

Criterion 10.2

Fis are required to undertake CDD when:

- a) Establishing a business relationship or when engaged by customers to perform a professional service (AML Law, Art. 17(1)(a)). These are defined as either being long-term relationships (as opposed to a single transaction) or being presumed to have a certain duration at the time of engagement (AML Law, Art. 1(2)(gg) and (ll)).
- b) Carrying out transactions of an amount equal to or exceeding EUR 15 000 or more, whether conducted as a single transaction or several transactions that appear to be connected. (AML Law, Art. 17(1)(b)).
- c) While carrying out occasional transaction in circumstances that would be covered by R 16. (AML Law, Art. 17(1)(b)).
- d) There is suspicion of ML or TF, regardless of any exception or derogation. (AML Law, Art. 17(2)(a)).
- e) There are doubts about the adequacy or veracity of previously obtained client identification data. (AML Law, Art. 17(2)(b)).

Required CDD measures for all customers

Criterion 10.3

Financial Institutions are required to identify and verify the identity of the customer and the beneficial owner in the presence of the customer based on valid documents (AML Law, Art. 19). If there are doubts, uncertainties or inconsistencies as to the veracity of the data contained in the documents and information

³⁰ Recommendation 10 is newly assessed as Italy has made legal, regulatory or operational framework changes since its last mutual evaluation.

acquired at the time of identification, FIs are required to make further verification using other reliable and independent sources such as consulting the public system for the prevention of identity theft.³¹

Remote identification and verification is permissible in a number of cases (when the customer information derives from public records, when the customers information derives from public records, when it is endowed with substantial security of digital identity), when it derives from Italian representational and consular authority.)

Additionally, Bol allows for remote identification in other cases, where FIs are required to retrieve remotely a copy of the identity document of the customer and conduct further verification (Bol Regulations on customer due diligence Part Two Section III fourth subparagraph no. 5 cf. Section VIII). Similar requirements are laid down by the IVASS (IVASS AML regulations, Article 39).

Criterion 10.4

The same standards for identification and verification of executors (i.e. persons granted the ability to execute transactions in the name or on behalf of the customer) as for customers (AML Law, Art. 18 (1)(a)). Additionally, FIs are also required to ascertain the existence and extent of the power of attorney entitling the executor to act in the name and on behalf of the customer.

Criterion 10.5

FIs are required to identify and verify the identity of the beneficial owner at the same time as the procedures are applied to the customer (AML Law, Art. 18(1)(b) and (2) and Art. 19). Additionally, specific rules provide guidance on how to identify beneficial owners of a customer other than a natural person (AML Law, Art. 20). These are supplemented by detailed requirements in the Bol and IVASS regulations.

Criterion 10.6

Reporting entities are required to obtain and assess information on the purpose and intended nature of the business relationship or professional service (AML Law, Art. 18(1)(c) 19(1)(c)). These are supplemented by detailed requirements in the Bol and IVASS regulations.

Criterion 10.7

FIs are required to conduct ongoing due diligence on the business relationship or professional service consistent with the knowledge of the customer, its business activities and risk profile, including source of funds (AML Law, Art. 18 and 19). FIs are also required to establish risk-based procedures for determining the timing and frequency of updates of information held on the customer, and to obtain new data whenever existing information becomes outdated (Art. 18 (1) (d)).

Specific CDD measures required for legal persons and legal arrangements

Criterion 10.8

FIs are required to understand customer's main activity and geographical area of business as a part of assessing the customer's risk profile (AML Law, Art. 17(3)). These are supplemented by requirements issued by the Bol (part 2, section III of Bol regulations) and the IVASS (IVASS Regulation 44/2019, Art. 30 and 34). The Bol regulations on CDD part 2 section V(2)(b) requires that FIs take risk-proportionate measures to reconstruct, with reasonable reliability, the ownership and control structure of the customer. The same follows from the IVASS regulations Article 36(6)(b). This is sufficient to fulfil for FIs to understand the ownership and control structure of the customer.

³¹ Legislative Decree No. 64 of April 11, 2011

Criterion 10.9

FIs are required to identify and verify the identity of customers (including legal persons and arrangements) on the basis of reliable, independent documents, data, and information (AML Law, Art. 18). More specific guidelines are included in the Bol and IVASS regulations, which include obtaining the registered address of the customer (Bol Regulation on CDD, definition no. 7, IVASS Regulations article 2 no. 1 letter z)). There is a concern regarding the acceptability of electronic identity schemes, which only require to be on the "substantial" level of assurance, instead of the previously required "high". There is no explicit requirement for financial institutions to obtain the names of persons holding senior management positions within a legal person or arrangement, except when they act as an "executor" on an account.

Criterion 10.10

FIs are required to take steps to verify the identity of natural persons who have direct or indirect control over a customer that is not a natural person (AML Law, Art. 20(1)). The AML Law also contains obligations which mirror the FATF requirements.

Criterion 10.11

a) and b) There are general requirements for FIs to identify and verify the identity of beneficial owners of trusts and other types of legal arrangements (AML Law, Art. 18(1)(b)).

The Bol regulations on CDD definition no. 35 defines beneficial owner by reference to the AML Law Articles 20 and 22(5), the latter which concerns identifying BOs of express trusts. This requires trustees of express trusts and persons who exercise equivalent rights and powers in similar legal arrangements, to identify beneficial ownership of trusts and similar legal arrangements comprises through the following information:

- the identity of the settlor(s),
- the trustee(s),
- the protector(s) or other persons who act on behalf of the trustee,
- where existing; the identity of the beneficiaries or class of beneficiaries and of the other natural persons who exercise control over the trust or similar legal arrangements
- and any other natural person who ultimately exercises control over the assets invested in the trust or in the similar legal arrangements through direct or indirect ownership or through other means.

The IVASS AML regulations article 2 vv) defines beneficial owner in a similar manner as regards legal arrangements, by referencing the AML Law articles 20 and 22(5).

CDD for Beneficiaries of Life Insurance Policies

Criterion 10.12

FIs should obtain beneficiary identification data or, if the beneficiary is designated on the basis of particular characteristics or classes, sufficient information to enable the undertaking to establish that the identity of the beneficiaries can be determined when the benefit is paid out (IVASS Regulation n. 44/2019, Art. 34 (8)). Verification of the identity of beneficiary is required at the time of the pay-out (IVASS Regulation n. 44/2019, Art. 36(11)).

Criterion 10.13

Insurers must take into account beneficiaries and their beneficial owners when they assess risk of the customers (IVASS regulation n. 44/2019, Art. 46). In case of high risks, enhanced measures are required and when high risk is determined by factors related to the beneficiary the verification of all information of the beneficiary are required before the payout.

*Timing of verification***Criterion 10.14**

The identity of the customer, the executor and the beneficial owner must be verified before the business relationship is established or the occasional transaction is executed (AML Law, Art. 18(2)). The AML law guidelines have provisions that are consistent with the FATF requirements to permit delays in the verification of identity under controlled circumstances.

Criterion 10.15

FIs are generally required to adopt safeguards, controls and procedures to mitigate and manage identified risks of money laundering and terrorist financing (AML Law, Art. 16(1)). The BoI (Regulations on CDD Part 3) and IVASS (IVASS AML regulations, Art. 29(2)) regulations provide guidelines on when CDD measures may be postponed.

*Existing customers***Criterion 10.16**

FIs are required to apply CDD procedures to existing customers when it is necessary due to changed level of risk associated to the customer (AML Law, Art. 17(4)). BoI Regulation on CDD (Part II, Section 2) specify that FIs shall repeat the due diligence when deemed appropriate based on if specific risk associated with each customer has increased. The IVASS (IVASS Regulation n. 44/2019, Art. 32 (3)) also prescribe similar requirements for its obliged entities.

*Risk-Based Approach***Criterion 10.17**

FIs are required to apply calibrated CDD measures in line with the ML/TF risk of a client (AML Law, Art. 17). FIs should apply Enhanced Due Diligence (EDD) measures where certain higher risk of money laundering or terrorist financing exists (AML Law, Art. 24).

Criterion 10.18

FIs are allowed to apply simplified measures, commensurate with the risk identified (AML Law, Art. 23). SDD measures are not applicable when ongoing monitoring suggests that a client is no longer low risk. Further SDD is not permitted when there is suspicion of money laundering or terrorist financing (AML Law, Art. 23(4)).

*Failure to satisfactorily complete CDD***Criterion 10.19**

Where FIs are unable to comply with CDD they shall not establish or continue the business relationship, perform the professional service or carry out the transaction. Where FIs are unable to comply with CDD regulations, they must consider making a report to the UIF (AML Law, Art. 42).

*CDD and tipping-off***Criterion 10.20**

There are no specific provisions that permit an FI, where it has suspicions of ML or TF and reasonably believes that CDD will tip-off the customer, to not pursue the CDD obligation and instead file an STR.

Weighting and conclusion –

Italy meets most of the requirements for Recommendation 10, but some minor deficiencies remain. The verification of identity is allowed through some means which are not fully reliable, i.e. electronic identity schemes with only “substantial” security (c.10.3 and 10.9). There is no specific provision to permit an FI to not pursue CDD and file an STR in cases they have reasons to believe that the CDD obligations will tip off the customer. **Recommendation 10 is rated Largely Compliant.**

Recommendation 11 – Record-keeping³²

In its 2015 MER, Italy was rated C with R.11.

Criterion 11.1

FIs are required to retain copies of all transactions for a period of ten years after the transaction was carried out or the business relationship terminated (AML Law, Art. 31). The information to be retained includes the date of the transaction, the payment details, amount, type of transaction, means of payment and ID data of the person carrying out the transaction or on whose behalf it was carried out. More detailed requirements are given in the Bol regulation on record-keeping (Art. 6). And the IVASS Regulations (n. 44/2019, Art. 40). More generally, articles the Civil Code require all business undertakings to maintain records of correspondence and all transactions, irrespective of their amount, in chronological order for a period of ten years (Art. 2214–2220).

Criterion 11.2

FIs are required to retain all data obtained through CDD measures for a period of 10 years after the business relationship has ended (AML Law, Art. 31). The Bol regulations on record keeping provides further, more detailed provisions on the type of CDD data required and how it should be recorded.

Criterion 11.3

The retention procedures for documents, data and information shall be suitable to ensure reconstruction of customer’s transactions/operations and activities and such documents must be in a format that is admissible in court proceedings (AML Law, Art. 32).

Criterion 11.4

An objective of the record-keeping requirement is to ensure complete and timely accessibility to data and information by the competent authorities (AML Law, Art. 32).

Weighting and conclusion –

Recommendation 11 is rated Compliant.

³² This Recommendation was not under review. Therefore, the text for the Recommendation is copied from the 2015 MER, with minor non-substantive edits included from Italy.

Recommendation 12 – Politically exposed persons (PEPs) ³³

In its 2015 MER, Italy was rated LC based on PEP requirements not extending to DNFBPs, no requirements in relation to persons holding prominent positions in international organisations and no requirement to determine whether the beneficial owner of a beneficiary of a life insurance policy is a PEP.

Criterion 12.1

The definition of PEPs includes an exhaustive list of individuals who are entrusted with prominent public functions. The definition covers both foreign and domestic PEPs (AML Law, Art. 1(2)(dd)). The definition, however, excludes individuals who have ceased to perform the functions of a PEP for more than one year, even though EDD can continue beyond this period for PEPs based on risk. Such due diligence is required for establishing a business relationship, offering a professional service or performing a transaction/operation with a customer or beneficial owners who are PEPs. FIs must undertake the four steps set down in the Criteria 12.1 (a)-(d) to identify and manage the relationship with foreign PEPs (AML Law, Art. 25(4)).

Criterion 12.2

Italy has a joint definition of domestic and foreign PEPs, and the AML law imposes similar obligations for both domestic and foreign PEPs (AML Law, Art. 1(2)(dd)). The same issues with the time limit of the definition of a PEP apply in this case.

Criterion 12.3

Family members (spouses, children, and their spouses, persons considered to be equivalent to a spouse) and close associates are included in the same category as PEPs and are subject to the same measures as the PEPs themselves (AML Law, Art. 1.2 (dd) (2) and (3)). The same issues with the time limit of the definition of a PEP apply in this case.

Criterion 12.4

Insurance undertakings are required to put in place adequate procedures to determine whether the beneficiaries and/or the beneficial owner of a beneficiary are PEPs and stipulates that EDD measures must be undertaken in such cases (IVASS Regulation n. 44/2019 Art. 49(2)). Senior management must authorise initiation or continuation of the business relationship, including upon designation of new beneficiaries (Art. 49(4)), and specific CDD-related measures to be taken, including conducting enhanced monitoring of the business relationship (Art. 49(6) and (7)). The same Regulation, art. 46 (8) requires undertakings to consider making a STR where they are unable to apply the enhanced due diligence measures required in case of higher risk.

The same issues with the time limit of the PEP definition applies here, as the IVASS Regulation's definition of PEP refers to the AML Law.

Weighting and conclusion –

The definition of PEP incorporates a one-year time limit, and this is considered a moderate shortcoming across all criteria. **Recommendation 12 is rated Partially Compliant.**

³³ Recommendation 12 is newly assessed as Italy has made legal, regulatory or operational framework changes since its last mutual evaluation.

Recommendation 13 – Correspondent banking³⁴

In its 2015 MER, Italy was rated PC with R.13 based on requirements not applying with respect to EU-based correspondent institutions.

Criterion 13.1

FIs are required to undertake the four steps laid down in R 13(a)-(d) to manage the relationship with correspondent banks, but this extends only to non-EU correspondents (AML Law, Art. 24(5) and 25(2)). For respondents based in the EEA, risk sensitive CDD measures must be applied. However, there is no explicit requirement to apply these measures for intra EU/EEA correspondent banking relationship, as required by R.13.

Criterion 13.2

In cases of customers who have direct access to payable-through accounts, the reporting entity must ensure that the foreign correspondent financial institution has fulfilled due diligence requirements and performs ongoing due diligence over such accounts and is able to provide relevant CDD data upon request. However, these requirements are not applicable for intra- EU/EEA correspondent relationships (AML Law, Art. 25(2)(e), and the Bol Regulation on CDD, Part IV, Section IV).

Criterion 13.3

Reporting entities from specifically forbidden from opening or maintaining, even indirectly, correspondent accounts with shell banks or with a bank known to allow a shell bank to use its accounts (AML Law, Art. 25(3)). Further, EBA Guidelines on risk factors (Guideline 8.11 of EBA/GL/2021/02, implemented in Italy by Bol Guidance n. 15 of 04/10/2021), provides that correspondents must establish that the respondent does not permit its accounts to be used by a shell bank. This may include asking the respondent for confirmation that it does not deal with shell banks, having sight of relevant passages in the respondent's policies and procedures, or considering publicly available information, such as legal provisions that prohibit the servicing of shell banks.

Weighting and conclusion –

There is no requirement for criteria 13.1 and 13.2 to be applied for intra EU/EEA correspondent banking relationships. Criteria 13.3 is met. **Recommendation 13 is rated Partially Compliant.**

Recommendation 14 – Money or value transfer services³⁵

In its 2015 MER, Italy was rated C with R.14.

Criterion 14.1

The Bol authorises Italian payment institutions to provide MVTs through a license (CLB, Art. 114 septies). The Bol specifies the requirements and process for authorising Italian PIs/EMIs (Chapter II of the Bol Regulation). The Bol Regulation on PIs and EMIs also contains detailed rules on the engagement of agents and the use of branches in the Italian territory for the provision of payment services (PSD2, Art. 19); it also stipulates rules on the cross-border provision of payment services.

³⁴ Recommendation 13 is newly assessed as Italy has made legal, regulatory or operational framework changes since its last mutual evaluation.

³⁵ This Recommendation was not under review. Therefore, the text for the Recommendation is copied from the 2015 MER, with minor non-substantive edits included from Italy.

Criterion 14.2

The GdF is responsible for investigating unauthorised payment service providers. In addition, the Bol can impose administrative sanctions in case of use of the words “payment institution” or “provision of payment service” in the company’s name or in the communications to the public by unauthorised subjects (CLB, Art. 133). Penalties for unauthorised payment services can range from imprisonment from six months to four years, as well as fines of EUR 2 066 to 10 329 (CLB, Art. 131 ter).

Criterion 14.3

As financial intermediaries defined under article 3 (2) of the AML Law, banks, e-money institutions, and payment institutions are all subject to the AML Law, and the Bol AML supervision.

Criterion 14.4

Agents for MVTs providers are required to be registered (CLB, Art. 128 quarter). Agents of Italian PIs are also required to be registered (CLB, Art. 128 (6)). Agents providing payment services as their only financial activity, i.e., they do not grant loans but may perform other commercial activities benefit from a lighter regime (MEF MD 256/2012).

Once the Bol has granted authorisation to an Italian PI, then the PI notifies the *Organismo degli Agenti e dei Mediatori* (OAM) to indicate their agents (CLB, Art. 28 quater (6)). The OAM is responsible for conducting fit- and proper checks on all agents, including financial agents and agents providing services. Once the OAM approves the agents, then the Bol authorises the Italian PI to use the specified agents. If OAM delists/decertifies an agent, then during a weekly reconciliation process with Bol, any Italian PIs using that agent will be notified.

Agents of EU PIs: An EU PI’s request to use agents is subject to a Bol review. The EU PI that intends to provide services in Italy through an agent must provide the competent authorities in its home Member State, among others, with a description of the internal control mechanisms that will be used by agents to comply with the AML/CFT obligations (PSD, Art. 17). The competent authorities of the home Member State shall inform the Bol of their intention to register the agent and take its opinion into account. In addition to control information, the requesting institution must validate that they have verified the AML/CFT controls of the agents. The Bol will communicate to the home country supervisor if there are grounds to suspect that granting access to the agents of the EU PI will increase the risk of ML, per Chapter VIII, section 1 (3). Before the entering into force of the MEF Decree of 21 May 2022, once the procedure had concluded successfully, the concerned agent or the central contact point—if established— notified the OAM, and the agent could then start business.

Criterion 14.5

Payment service providers, electronic money institutions, their branches and central contact points must adopt procedures and control systems to mitigate and manage the risks of money laundering and terrorist financing to which their agents are exposed (AML Law, Art. 43). Further financial institutions providing services through agents and other business partners shall take any precaution to ensure that the distribution network complies with AML provisions. To this end, each FI shall provide their agents with operational tools and procedures, including IT procedures, to assist them in executing each transaction in compliance with AML requirements and run regular training programmes for the distribution network, to provide staff members with specific information on the AML rules and regulation and the associated duties, and to teach them how to use the abovementioned operational tools and procedures (Bol Regulation on organisation and internal controls, Part III, section IV).

Weighting and conclusion –

Recommendation 14 is rated Compliant.

Recommendation 15 – New technologies³⁶

In its 2015 MER, Italy was rated LC with R.15 based on the lack of a requirement for financial institutions to identify the risk in new products and practices.

New technologies

Criterion 15.1

Italy has conducted various risk assessments which have included identifying and assessing the risks that may arise in relation to the development of new products and new business practices, and the use of new or developing technologies, as required by various Articles of the AML Law, such as Article 6(7)(a) (b) (on the responsibility of the FIU) and Article 15 (on the National Risk Assessment). The UIF published Annual Reports which include sections concerning evolutions in typologies as well as patterns of anomalous conduct. The latest NRA furthermore considers the impact of various, relatively new technologies and products, such as non-fungible tokens (NFTs), crowdfunding and the impact of Covid-19 in relation to necessary new business practices.

The Bol Regulation on CDD (Part 1, Section II A.2) require that FIs (except those under IVASS' remit) consider the risk from new technologies or new payment methods in offering these products or services. FIs under IVASS' remit must assess the ML/TF risk from offering new products or entering new markets. (IVASS regulations, Regulation 44/2019, Art. 17).

Criterion 15.2

a) and b)

b) Bol Regulation on internal organisation, procedures and controls requires obliged entities to conduct a preliminary assessment of the ML risk associated with the launch of new products and services, with significant products or service upgrades, and with entering new markets or starting new businesses, and apply the necessary risk management and mitigation measures. FIs launching new products, services, or businesses that may affect their exposure to ML risk must take appropriate measures to mitigate this risk (Part Three, Section I, para. 1.2). FIs under IVASS' remit must assess the ML/TF risk from offering new products, as well as identify measures to mitigate and manage risks identified (IVASS regulations, Regulation 44/2019, Art. 17).

Virtual assets and virtual asset providers

Criterion 15.3

- a) Italy's latest ML/TF NRA (2024) identified and assessed the risks related to service providers of crypto-assets, which is deemed to correspond to the FATF definition of "virtual assets". Cryptocurrencies and virtual assets have also been identified and assessed as part of Italy's PF NRA (2024).

At EU level, the European Commission conducts and publishes an assessment of the risks of money laundering and terrorist financing affecting the internal market and relating to cross-border activities in line with the requirements of the Directive (EU) 2015/849 as amended by Directive (EU) 2018/843 (Art. 6) that also identifies and assesses the risks emerging from virtual assets and the activities and operations from VASPs. VASPs ("Supra-national risk assessment" – SNRA). The latest SNRA is from 2022.

³⁶ Recommendation 15 is newly assessed due to changes to the FATF Standards for which Italy has not previously been assessed.

- b) i) The UIF has taken several risk-based measures to mitigate the threat assessed, such as a specialized division performing analysis of STRs relating to virtual currency transactions, acquiring specific IT tools for such analysis and issuing specific communications to FIs on the anomalous use of virtual assets/currency and indicators. The GdF has conducted specific risk analyses concerning virtual assets, such as one concerning the unusual operations of Italian citizens holding virtual assets, and one concerning the identification of entities which were to be subject to the AML legislation following its expansion to cover providers of exchange and custody services
- ii) The UIF handles PF-related STRs by a division dedicated to handling TF, PF and VA-related STRs, with specific IT tools and techniques which enables synergies in analysing PF risks associated to VASPs. The UIF provided in May 2023 anomaly indicators pertaining to PF (these are not specific to VASPs). Cf. also c.1.11.
- c) As described in c.1.10, 1.11, 1.12 and 1.13 above, entities subject to the AML Law, including VASPs, are required to identify, assess, manage and mitigate money laundering, terrorist financing and PF risks (AML Law Art. 15, 16 and 16-bis).

Criterion 15.4

- a) A person providing crypto asset services within the EU is subject to prior authorisation (Regulation (EU) 2023/1114, Art. 59) and LD 129/2024, which implemented in Italy the mentioned Regulation) by the authority of the Member State where it has its registered office. A crypto asset service provider under EU law must be a legal person or other undertaking if the legal form of that undertaking ensures a level of protection for third parties' interests equivalent to that afforded by legal persons and if it is subject to equivalent prudential supervision appropriate to their legal form (Art. 59 (3)). These requirements to the legal form of undertakings exclude natural persons from being authorised as crypto asset service providers (c.15.4 (a) (ii) is not applicable).

EU law also subjects some types of offerors to authorisation requirements and differentiates offerors according to the specific assets: A person that issues virtual assets qualifying as asset-referenced tokens (EU terminology for a type of stable-coins) has to be authorised as well (Regulation (EU) 2023/1114, Art. 16). E-money tokens may only be issued by authorised credit institutions or e-money institutions (Regulation (EU) 2023/1114, Art. 48). Financial services related to an issuer's offer and/or sale of a virtual asset are covered in the crypto-assets services list under article 3 (1)(16) Regulation (EU) 2023/1114, in line with the provisions of the FATF glossary and the Updated Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers for limb (v) of the VASP definition in the FATF glossary.

Italy has implemented Regulation (EU) 2023/1114 by designating Bol and CONSOB as national competent authorities under the Regulation, along the lines of functional specialisation defined in general by the Italian sectoral regulation (LD 129/2024 Art. 3). CONSOB will have general competence for authorisation of VASPs, after consulting Bol. Bol will, however, in consultation with CONSOB, authorise the provision of crypto-asset services by payment and e-money institutions. CONSOB will supervise compliance with the rules of conduct applicable to service providers in the provision of services having regard to transparency, proper conduct, orderly trading and investor protection, while the Bol will supervise service providers having regard to risk containment, capital stability and sound and prudent management.

- b) Authorisation processes under Regulation (EU) 2023/1114 include assessments that members of the management body are sufficiently reputable and competent and that shareholders or members that have a qualifying holding fulfil fit and proper requirements (Art. 62, 63 and 68 for crypto asset service providers). These provisions empower authorities to prevent individuals convicted of offences relating to money laundering or terrorist financing or of any other offences that affect their good repute from assuming relevant functions. Regarding shareholders and

members whether direct or indirect, that have qualifying holdings, proof is required that those persons are of sufficiently good repute (Art. 62 (2) (h)).

Criterion 15.5

Regulation at EU level prohibits the provision of services without authorisation (Art. 59 (1) Regulation (EU) 2023/1114). Directive (EU) 2015/849 and Regulation (EU) 2023/1114 task competent authorities in Member States to ensure action is taken to identify persons that carry out VASP activities without licensing or registration and to ensure compliance with authorisation requirements by taking orders and applying sanctions. Regulation (EU) 2023/1114, Art. 94 (1) (h) stipulates that competent authorities, in accordance with national law, shall have the power to order the immediate cessation of the activity where there is a reason to assume that a person is providing crypto-asset services without authorisation. The prerequisite of "reason to assume" the provision of service leaves sufficient room to take targeted action at service providers that address the market. At EU level, the European Securities and Markets Authority assist efforts to ensure compliance by keeping a register of operators found to have provided services in breach of the authorisation requirement (Regulation (EU) 2023/1114, Art. 110).

In Italy, provision of crypto-asset services without the required authorisation under MiCAR, is subject to criminal sanctions, (LD 129/2024, Art. 30). When there is a reason to assume a person is providing crypto-asset services without authorisation, CONSOB can order the cessation of unlawful activity, as well as ordering internet connectivity hosting service providers to block access to internet domains (Legislative Decree 129/2024 article 4(1) and (11), cf. Regulation (EU) 2023/1114, Art. 94). The criminal sanctions may range from EUR 2 065 to 10 329, and the criminal sanctions may include a fine within the same range as well as imprisonment from six months to four years.

Criterion 15.6

- a) When assessed for market entry, crypto asset service providers are required to have mechanisms and controls in place that for ensure compliance with AML/CFT requirements (Regulation (EU) 2023/1114, Art. 63 (6) (c)). Regulation (EU) 2023/1114 provides for a comprehensive regulatory regime, and VASPs are subject to risk-based supervision for AML/CFT compliance by Bol. Cf. c.15.4(a) on the designation of competent authorities in Italy regarding VASPs.
- b) Directive (EU) 2015/849 and Regulation (EU) 2023/1114 task competent authorities in Member States to ensure compliance by crypto asset service providers with requirements to combat money laundering and terrorist financing. Regulation (EU) 2023/1114, Art. 94, stipulates that competent authorities in accordance with national law shall have the power to inspect and to compel documents. The withdrawal of the authorisation of crypto asset service providers is regulated at EU level in Art. 64 of Regulation (EU) 2023/1114 and, alongside other administrative penalties and administrative measures, shall also be implemented at national level (Regulation (EU) 2023/1114, Art. 111).

The powers of CONSOB and Bol described under R.26 and R.27 apply also in relation to VASPs under their supervision, and include the powers required in this criterion.

Criterion 15.7

The European Banking Authority has issued guidelines on risk variables and risk factors to be taken into account by crypto-asset service providers when entering into business relationships or carrying out transactions in crypto-assets. These have been implemented in Italy Bank of Italy Note No. 39 of 28 August 2024

At the national level, Italy has provided guidance on various topics addressed to VASPs. The UIF provided guidance on STR reporting in 2019 and indicator lists for STR reporting in 2023 (which entered into force on 1 January 2024). The UIF has also provided targeted feedback to VASPs concerning reporting [see

further details in [chapter on IO.3]. The GdF has also provided feedback in the context of inspections on VASPs which were subject to their supervisory competence starting in 2017. In anticipation of new competences, Bol issued communications on the new framework for VASPs in July 2024. Furthermore, as VASPs will be defined as FIs in the Italian (and EU) framework, all previous guidelines, clarifications and communications addressed to FIs, will also apply to VASPs.

Criterion 15.8

- a) and b) VASPs can be subject to sanctions for non-compliance with the AML Law, as other entities subject to the AML Law under the supervision of Bol. Cf. R.35.

Criterion 15.9

VASPs are subject to the preventive measures as required in Recommendations 9-21 in the same manner as FIs. Shortcomings in those Recommendations therefore also apply here.

- a) CDD is required when carrying out occasional transactions in crypto assets above a threshold of EUR 1 000 (AML Law Art. 17).
- b) i) Regulation (EU) 2023/1113 repeals and replaces Regulation (EU) 2015/847 formerly regulating the transfer of funds and extends the scope to cover both transfer of funds and transfer of virtual assets. Art. 14 (1) of Regulation (EU) 2023/1113 requires the originating crypto asset service provider to obtain and hold originator information (Art. 14 (1), (2) and (3)) and, to submit it to the beneficiary service provider immediately (in advance or simultaneously) and securely (Art. 14 (4)). Before transferring crypto-assets, the service provider shall verify the accuracy (Art. 14 (6)). In accordance with Art. 24 of Regulation (EU) 2023/1113, information has to be provided to competent authorities in the Member State in which they are established. The distributed ledger address (DLT) information is required for both the originator and the beneficiary. If the transfer does not occur on the DLT, the Regulation requires the crypto-asset account number in those cases instead (Regulation (EU) 2023/1113, Art.14 (1) (b) and (2) (b)). Regulation (EU) 2023/1113 imposes additional requirements to be implemented in the case of transfers being made to self/hosted addresses" (where no crypto asset service provider is involved on the originator or beneficiary side), such as individual identification of transfers and ensuring that the address is controlled by the originator/beneficiary. Regulation (EU) 2023/1113 does not make a distinction between crypto asset transfers within and outside the EU, treating all crypto-asset transfers as cross-border.
- ii) Art. 16 of Regulation (EU) 2023/1113 requires the crypto asset service provider of the beneficiary to implement effective procedures, which may include post-event or real-time monitoring, to identify transfers that lack required originator or beneficiary information (Regulation (EU) 2023/1113, Art. 16 (1)). Services providers are obliged to make information available to competent authorities on request according to Art. 24 of Regulation (EU) 2023/1113. If the transfer of crypto-assets is made from a "self-hosted address" (cf. i) above), Art. 16 imposes additional requirements on the beneficiary VASP, including obtaining originator and beneficiary information and individually identifying the transfer of crypto-assets. If the transfer exceeds EUR 1 000, the VASP shall take measures to assess whether that address is owned or controlled by the beneficiary.
- iii) Regulation (EU) 2023/1113 covers the requirements of Recommendation 16 to apply to virtual asset transfers, especially, monitoring and risk-based procedures (Art. 14 (8) and Art. 16 (1)) as well as freezing action and prohibiting transactions with designated persons and entities (Art. 23).
- iv) Financial institutions are covered by the scope of relevant provision of Regulation (EU) 2015/1113 through the broad definition of crypto asset service provider in Art. 3 (1) 15 of that Regulation with reference to Art. 3 (1) (15) Regulation (EU) 2023/1114, including credit institutions that provide crypto asset services in accordance with Art. 59 of Regulation (EU) 2023/1114.

Criterion 15.10

As VASPs are subject to the AML Law in the same manner as FIs, the communication mechanisms, reporting obligations and monitoring requirements described under [c.6.5(d), 6.5(e), 6.6(g), 7.2(d), 7.2(e), 3.2 and 7.4(d)] apply to VASPs.

Criterion 15.11

Regulation (EU) 2023/1114, Art. 107, expressly provides that competent authorities should, where necessary, conclude cooperation arrangements with supervisory authorities of third countries concerning the exchange of information with those supervisory authorities of third countries and the enforcement of obligations under this Regulation in those third countries.

The general framework on international cooperation by BoI, CONSOB and UIF applies to cooperation in relation to virtual assets and VASPs, cf. analysis under R.37 through 40. Shortcomings concerning financial supervisors' international cooperation in R.40 also apply here, as they are not covered by the provisions of Regulation (EU) 2023/1114 (which does not concern AML/CFT cooperation as such, but cooperation on obligations under that Regulation).

Weighting and conclusion –

Shortcomings in R.10, 12, 13, 16, 17, 19 and 40 also apply to VASPs (c.15.9 and c.15.11).

Recommendation 15 is rated Largely Compliant.

Recommendation 16 – Wire transfers³⁷

In its 2015 MER, Italy was rated PC with R.16 based on the lack of requirements to obtain, verify or record information on the beneficiary of a wire transfer and very limited requirements for intermediary institutions.

Originator's financial institutions

Criterion 16.1

a) and b)

EU Measures

FIs must ensure that all cross-border wire transfers exceeding EUR 1 000 are accompanied by:

- a) required and accurate payer (originator) information (name, account number or, in the absence of an account, unique transaction reference, and address, document number, customer ID, or date and place of birth), and
- b) required payee (beneficiary) information (name, account number or, in the absence of an account, unique transaction reference) (Regulation (EU) 2023/1113, Art. 4 and 6). The EU requirements for cross-border transfers do not apply to transfers equalling USD/EUR 1 000, which constitutes a minor and not material deviation from the corresponding Recommendation.

National Measures

The PSP of the payer shall ensure that transfers of funds are accompanied by the information on: a) the name of the payee; b) the payee's payment account number; and c) subject to the existence of the necessary field in the relevant payments message format, and where provided by the payer to its PSP, the current LEI of the payee (or, in its absence, any available equivalent official identifier)(Art. 4(2), FTR recast).

³⁷ Recommendation 16 is newly assessed as Italy has made legal, regulatory or operational framework changes since its last mutual evaluation.

Criterion 16.2

Where several cross-border wire transfers from the same originator are transmitted in a batch file to beneficiaries, the batch file must contain the information required per criterion 16.1, and each individual wire transfer must contain the account number or unique reference number (Regulation (EU) 2023/1113, Art. 4 and 6(1)).

Criterion 16.3

- a) and b) Cross-border wire transfers of less than EUR 1 000 or less must be accompanied by the names and account numbers of the originator and beneficiary or the unique transaction reference number (Regulation (EU) 2023/1113, Art. 6(2)).

Criterion 16.4

For cross-border wire transfers not exceeding EUR 1 000, the originator's financial institution is not required to verify the accuracy of the information about the originator unless it suspects ML/TF or the funds are transferred in the form of cash or anonymous electronic money (Art. 6(2), Regulation (EU) 2023/1113). The same applies to the beneficiary's financial institution (Art. 7(4), Regulation (EU) 2023/1113).

Criterion 16.5

For wire transfers with all participants in the payment chain established within the EU, (Regulation (EU) 2023/1113, Art. 5 (2)) the service provider of the payer, upon request, must make all information on the originator or beneficiary available to the beneficiary's financial institution. Based on the availability of this information by other means, Art. 5 (1) Regulation (EU) provides for a derogation of the comprehensive information requirements in line with c.16.5.

Criterion 16.6

FIs must ensure that the account numbers of the originator and beneficiary or their unique transaction identifiers accompany the transfer (Regulation (EU) 2023/1113, Art. 5(1)) even in applying the derogation in line with c.16.5. FIs are required, upon request, to make all necessary information available within three working days (Regulation (EU) 2023/1113, Art. 5(2)). They are also required to respond fully and without delay to requests issued by the authorities responsible for AML/CFT (Regulation (EU) 2023/1113, Art. 24).

Criterion 16.7

The originator's financial institution is required to maintain all information collected on the originator and beneficiaries for a period of five years (Regulation (EU) 2023/1113, Art. 26). Italy requires a longer retention period (which is allowed under the Regulation): Cf. c.11.1 – the retention period under the AML Law is 10 years after the date of the termination of the business relationship, professional service or occasional transaction.

Criterion 16.8

The originator's financial institution is not allowed to execute wire transfers if they do not comply with the requirements under Criteria 16.1 to 16.7 (Regulation (EU) 2023/1113, Art. 4(6))

Intermediary financial institutions**Criterion 16.9**

FIs acting as intermediaries should ensure that all originator and beneficiary information accompanying cross-border wire transfers is retained with the transfer (Regulation (EU) 2023/1113, Art. 10).

Criterion 16.10

Technical limitations cannot justify non-compliance with the requirements under Art. 10 Regulation (EU) 2023/1113 and no exemption from the requirements described under criterion 16.9 is permitted. The "Guidelines on information requirements in relation to transfers of funds and certain crypto-assets transfers under Regulation (EU) 2023/1113" issued by the European Banking Authority on 4 July 2024 reflect that systems must be able to transmit, receive or convert all information (section 4.3.1., para 21, 22).

Criterion 16.11

Intermediary FIs must implement effective procedures to identify cross-border wire transfers that lack the required originator or beneficiary information (Regulation (EU) 2023/1113, Art. 11, point 2(b)).

Criterion 16.12

Intermediary FIs must have risk-based procedures in place to determine whether to execute, reject or suspend a wire transfer that does not include the required originator or beneficiary information, and to take appropriate follow-up action (Regulation (EU) 2023/1113, Art. 12).

Beneficiary financial institutions

Criterion 16.13

FIs must implement effective procedures, which may include post-event or real-time monitoring, to identify cross-border wire transfers that lack required originator or beneficiary information (Regulation (EU) 2023/1113, Art. 7(1) and (2)).

Criterion 16.14

For wire transfers exceeding EUR 1 000, the beneficiary's financial institution must verify the identity of the beneficiary (Regulation (EU) 2023/1113, Art. 7(3)) and must retain this information for a period of five years (Regulation (EU) 2023/1113, Art. 26). For wire transfers equalling EUR 1 000, the beneficiary's financial institution is not required to verify the accuracy of the information unless it suspects ML/TF or the funds are transferred in the form of cash or anonymous electronic money (Regulation (EU) 2023/1113, Art. 7(4)), which constitutes a minor deviation from the corresponding Recommendation.

Criterion 16.15

Beneficiary financial institutions must have risk-based procedures in place to determine whether to execute, reject or suspend a wire transfer that does not include the required originator or beneficiary information, and to take appropriate follow-up action (Regulation (EU) 2023/1113, Art. 8).

Money or value transfer service operators

Criterion 16.16

Regulation EU 2023/1113 applies to payment service providers established in the EU or EEA that execute fund transfers, whether they operate directly or through their agents (Regulation (EU) 2023/1113, Art. 2(1)).

Additionally, PSPs operating through agents are required to establish a central contact point (CCP) in Italy, through which they fulfil the AML obligations (AML Law, Art. 43 (3)). The CCP is also responsible for the compliance with the FTR obligations with regard to the transfers carried out in Italy. The CCP is also required to respond fully and without delay to enquiries from competent AML/CFT authorities concerning the travel rule information.

Criterion 16.17

- a) Payee and intermediary payment service providers must take into account missing or incomplete information on the originator or beneficiary in order to assess whether a suspicious transaction report should be filed (Regulation (EU) 2023/1113, Art. 9 and 13).
- b) There is no explicit obligation requiring payment service providers to file a suspicious transaction report in all countries concerned by a suspicious wire transfer. However, payment service providers are obliged to report in the countries of the ordering and beneficiary sides (Regulation (EU) 2023/1113, Art. 9 and 13) of the transaction and service providers belonging to the same financial group are required to inform the members of the group of the existence and content of a suspicious transaction report relating to a common client (Directive (EU) 2015/849, Art. 45).

Implementation of targeted financial sanctions

Criterion 16.18

FIs must implement freezing measures and comply with prohibitions from conducting certain transactions in accordance with EU regulations which give effect to UNSCR relating to AML/CFT (see R. 6 and 7). Payment service providers are required to have in place internal policies to ensure the implementation of EU and national restrictive measures (Regulation (EU) 2023/1113, Art. 23).

Weighting and conclusion –

Minor shortcomings exist where transactions equal to EUR 1 000 are not included under c.16.1, and under c.16.14 for wire transfers equalling EUR 1 000, the beneficiary's FI is not required to verify the accuracy of the information unless it suspects ML/TF or the funds are transferred in the form of cash or anonymous electronic money. Under c. 16.17, not all payment service providers in a cross-border chain are required to file a suspicious transaction report while this is covered for the country of the ordering and beneficiary sides are required to do so, and in case of providers that are all members of the same group, such providers need to inform all members of the group of the suspicious transaction report filed. **Recommendation 16 is rated Largely Compliant.**

Recommendation 17 – Reliance on third parties³⁸

In its 2015 MER, Italy was rated LC with R.17 based on the lack of a proper assessment of country risk when determining in which countries a third party may be based.

Criterion 17.1

FIs can rely on third parties to perform the three core elements of the initial CDD process, but such reliance does not absolve the FI from the ultimate to comply with the requirements (AML Law, Art. 26). This includes third parties from other countries, provided that they are either located in the EU or in countries where they are subject to CDD and record-keeping requirements analogous to those laid down in the EU AML Directive as well as supervisory control in line with those controls required at the EU level. Such third parties are required to provide the FIs with the information acquired for the fulfilment of the obligations referred to in (a)-(c) of Recommendation 10 (AML Law, Art. 27) Further, it is required that copies of the documents obtained by third parties when performing CDD shall be transmitted, without delay, by the third parties to the FIs on their request.

While there is no explicit requirement on FIs to satisfy itself that third parties are regulated and supervised/monitored for compliance with the CDD and record-keeping requirements, this is offset by the

³⁸ Recommendation 17 is newly assessed as Italy has made legal, regulatory or operational framework changes since its last mutual evaluation.

requirement on FIs to assess whether the information that has been collected and verified is adequate and sufficient for fulfilling the requirements of the AML Law (AML Law, Art. 28).

Criterion 17.2

Third-party reliance is permitted in the case of intermediaries based in Italy or another EU country, or in other countries when the conditions are met: (i) they apply customer due diligence and record-keeping requirements consistent to those set out in the AML Directive; (ii) they are subject to supervisory controls in line with those provided for by the European Union Law. FIs must then assess the level of risk associated with the country of the third party they intend to rely on (AML Law, Art. 26).

Criterion 17.3

An FI can rely on third party which is a part of the same financial group to fulfil CDD obligations provided that: a) the obliged entity relies on information provided by a third party that is part of the same group; b) that group applies customer due diligence measures, rules on record-keeping and programmes against money laundering and terrorist financing in accordance with this Directive or equivalent rules; c) the effective implementation of the requirements referred to in point (b) is supervised at group level by a competent authority of the home Member State or of the third country and c-bis) the group's anti-money laundering and counter-terrorism procedures provide adequate safeguards to mitigate the geographical risks associated with the countries at higher risk (AML Law, Art. 27 (5-bis)).

Weighting and conclusion –

There is no requirement for FIs to assess the risk of countries where a third party can be based for countries which are members of the EU. **Recommendation 17 is rated Largely Compliant.**

Recommendation 18 – Internal controls and foreign branches and subsidiaries³⁹

In its 2015 MER, Italy was rated LC with R.18. There was no requirement for the screening of employees at hiring, and requirements for measures that should be in place at foreign branches and subsidiaries were limited to issues related to CDD and record keeping.

Criterion 18.1

Financial Institutions are required to have internal control, adequate for their respective nature and size, necessary to mitigate and manage the risks of money laundering and terrorist financing identified (AML Law, Art. 16(1)). This includes requiring reporting entities to have in place ongoing training programs (AML Law, Art. 16(3)).

Criterion 18.2

Groups, including financial groups, are required to have a group-wide approach to the risk of ML/TF (AML Law, Art. 16(1)), which include the measures described in c.18.1 above. More detailed requirements are laid down in the Bol regulation on organisation and internal controls Part 4 and the IVASS AML regulations Section IV. As described in c.18.1, there is a minor deficiency regarding the requirement to screen employees when hiring.

Criterion 18.3

Groups, including financial groups, are required to have a group-wide approach to the risk of ML/TF (AML Law, Art. 16(1)), which include the measures described in c.18.1 above. More detailed requirements are laid down in the Bol regulation on organisation and internal controls Part 4 and the IVASS AML regulations

³⁹ Recommendation 18 is newly assessed as Italy has made legal, regulatory or operational framework changes since its last mutual evaluation.

Section IV. As described in c.18.1, there is a minor deficiency regarding the requirement to screen employees when hiring.

Weighting and conclusion –

A minor deficiency exists as there is no requirement for FIs to screen while hiring new employees, while all other criteria are met or mostly met. **Recommendation 18 is rated Largely Compliant.**

Recommendation 19 – Higher-risk countries⁴⁰

In its 2015 MER, Italy was rated C with R.19.

Criterion 19.1

Reporting entities must apply enhanced due diligence in the case of business relationships, professional services and occasional transactions involving high-risk third countries (AML Law, Art. 24 (5)(a)). “High-risk third countries” are defined as those whose systems have strategic deficiencies related to prevention of money laundering and terrorist financing as identified by the European Commission or by the MEF. This can include countries identified subsequent to decisions of the FATF, but this is not required (AML Law, Art. 1 (2) (b)).

Criterion 19.2

a) and b)

Italy allows for the application of countermeasures to contain the risk of money laundering and terrorist financing related to high-risk third countries (AML Law, Art. 25(4-quater)). The MEF can do this independently and when called upon to do so by the FATF.

Criterion 19.3 The Bank of Italy periodically (namely, after each Plenary) publishes and updates on its website the FATF lists of high-risk countries and countries with strategic deficiencies in AML/CFT systems under intensive monitoring.

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Weighting and conclusion –

There is no requirement to apply enhanced due diligence to business relationships and transactions with natural and legal persons from countries for which this is called for by the FATF, unless the countries are also identified by the EU Commission or the MEF. All other criteria are met. **Recommendation 19 is rated Largely Compliant.**

Recommendation 20 – Reporting of suspicious transactions⁴¹

In its 2015 MER, Italy was rated LC with R.20 based on the reporting of suspicious transactions not extending to ML predicate offences. R.20 was re-rated C in the 2019 FUR.

⁴⁰ Recommendation 19 is newly assessed as Italy has made legal, regulatory or operational framework changes since its last mutual evaluation.

⁴¹ This Recommendation was not under review. Therefore, the text for the Recommendation is copied from the 2015 MER and 2019 FUR, with minor non-substantive edits included from Italy.

Criterion 20.1

FIs are required to send a report of any suspicious transactions, without delay, to UIF whenever they know, suspect or have reasonable grounds to suspect that ML or TF is being or has been carried out or attempted or that the funds, regardless of their origin, are the proceeds of criminal activity (AML Law, Art. 35). Additional detailed guidance and indicators to assist reporting entities in identifying and reporting suspicious transactions are provided through targeted instructions issued by UIF.

Criterion 20.2

All FIs must file a report of a suspicious transaction regardless of the amount of the transaction. FIs must also report attempted ML or TF transactions (AML Law, Art. 35).

Weighting and conclusion –

Recommendation 20 is rated Compliant.

Recommendation 21 – Tipping-off and confidentiality⁴²

Criterion 21.1

In its 2015 MER, Italy was rated LC with R.21 based on the tipping-off and confidentiality not extending to reporting related to predicate offenses to ML.

Criterion 21.2

FIs are prohibited from informing the customer or third parties that an STR has been made, that further information has been sent to the UIF or that an investigation is being or may be conducted into ML/TF (AML Law, Art. 39(1)). This prohibition on tipping-off does not prevent communication between banking and financial intermediaries provided that they belong to the same group (AML Law, Art. 39(3)).

Weighting and conclusion –

Recommendation 21 is rated Compliant.

Recommendation 22 – Designated non-financial businesses and professions (DNFBPs): customer due diligence⁴³

In its 2015 MER, Italy was rated LC with R.22. There was no requirement for the identification of domestic PEPs and no specific regulations or guidance for DNFBPs on new technologies.

Criterion 22.1

- a) The CDD requirements in the AML law apply to gambling houses, including casinos (Art. 3.6(c)). On-line casinos must identify and verify the identity of each customer when opening and changing the gaming account, (Art. 53 (1), AML Law) Casino operators shall apply measures for the identification and verification of the identity of the customer where the value of transactions carried out for the purchase or exchange of tokens or other means of gaming or for the collection of winnings by the customer is equal to or exceeds EUR 2 000 (AML Law, Art. 53 (8)). Where there is a suspicion of money laundering or terrorist financing or underlying criminal activities, the same operators are required to apply the aforementioned measures, regardless of the amount of the transaction carried out.

⁴² Recommendation 21 is newly assessed as Italy has made legal, regulatory or operational framework changes since its last mutual evaluation.

⁴³ Recommendation 22 is newly assessed as Italy has made legal, regulatory or operational framework changes since its last mutual evaluation.

- b) Real estate agents are required to fulfil all AML obligations when buying and selling of real estate, where they act as brokers, but also when they act as intermediaries in the rental of real estate and, in that case, limited only to transactions for which the monthly fee is EUR 10 000 or more (AML Law, Art. 3 (5) (e)).
- c) Art. 3.5(d) AML Law stipulates that professional gold dealers are obliged to fulfil CDD obligations when they engage in any transaction with a customer equal to or above EUR 15 000 (AML Law, Art. 17).
Italy has in place a limitation on the use of cash, which prohibits cash transactions above EUR 4 999 for Italian Residents, and above EUR 14 999 for non-EU travellers. This requirement means that the DPMS sector does not fall within the scope of C 22.1 (c).
- d) Lawyers and notaries are obliged to fulfil all AML obligations when, in the name or on behalf of their clients, they carry out any transaction of a financial or real estate nature and when they assist their clients in arranging or carrying out transactions listed in R22 (AML Law, Art. 3.4 (c)). Other independent legal professionals are required to comply with the CDD requirements under article 17 et seq. of the AML law arising from the conferral of the professional mandate for the performance of a professional service. a. Accountants, are obliged entities, cf. article 3.4 (a), and are bound to the CDD obligations in each case of professional services pursuant to Art. 17.1(a) AML Law.
- e) Trust and company service providers in the definition of obliged entities and are also subject to all CDD obligations when they provide designated services (AML Law, Art. 3.4-bis and Art. 1.2(ee)).

Criterion 22.2

Article 31 of the AML law establishes record keeping obligations, which apply to all DNFBPs.

Criterion 22.3

The AML law imposes the same obligations for R12 for DNFBPs covered under R 22 as it does for FIs. Further, the deficiencies in R12 cascade into this criterion.

Criterion 22.4

AML Law provides for all obliged entities to implement enhanced CDD obligations with respect to new services or products, including innovative mechanisms of distribution and new technologies for new or existing products and services, cf. article 24.2 (b) (5). There is no specific requirement for DNFBPs other than PIE auditors to consider the risk from new technologies.

Criterion 22.5

Article 26 of the AML law permits the outsourcing of certain due diligence obligations and Article 27 regulates the manner in which these obligations are to be performed. The AML Law address the core obligations with respect to reliance on third parties. However, the permitted reliance on intermediaries within the EU is based solely on the presumption that all EU members have equivalent AML/CFT standards, rather than on individual country risk assessments undertaken by the authorities.

Weighting and conclusion –

DNFBPs, are required to comply with the same requirements as FIs. The DPMS sector falls outside the standards due to the existence of a restriction on the use of cash (EUR 4 999 for EU citizens and residents and EUR 14 999 for Non-EU travellers).

Criteria 22.3 is partly met due to cascading effect of deficiencies in R12. Criteria 22.1 and 22.2 are met, 22.4 and 22.5 are mostly met. **Recommendation 22 is rated Largely Compliant.**

Recommendation 23 – DNFBPs: other measures⁴⁴

In its 2015 MER, Italy was rated LC with R.23. DNFBPs were not explicitly required to report suspicions related to predicate offenses associated to ML, and the tipping off and confidentiality requirements did not explicitly extend to the reporting of suspicions related to the predicate offenses.

Criterion 23.1

See R.20 (Suspicious Transaction Reporting) for an analysis of these requirements, as article 35 of the AML Law (on STRs) is also applicable to all categories of DNFBPs covered by the AML law. For real estate brokers, casino managers, and dealers in gold and jewellery, the MoI Decree provided specific additional anomaly indicators, now replaced by the guidelines issued by the UIF on May 2023 designed to guide DNFBPs in identifying the information deemed relevant to substantiate the existence of grounds for suspicion. Professionals send STRs to the UIF also via their professional associations. (AML Law, Art. 11 (4), 37 (1)(2)) as well as the MoUs signed by the UIF and the professional bodies).

Criterion 23.2

Italy's AML Law does not clearly indicate the competent authorities, other than CONSOB for PIE auditors, in charge of issuing secondary regulations addressed to DNFBPs on internal control requirements. The respective Ministerial decrees from the MoI and MoJ provide requirements for training on suspicious transaction reporting for the casinos, dealers in gold/jewellery, real estate brokers, and professionals; however, these decrees do not establish the full scope of internal control requirements, including the establishment of a compliance function. The authorities note that these are mostly contained in firms with single practitioners. However, there is no requirement for screening procedures to ensure high standards when hiring employees.

Criterion 23.3

See R.19 (higher-risk countries) for a description of these requirements, as the AML Law is applicable to DNFBPs.

Criterion 23.4

See R.21 (tipping-off and confidentiality) for a description of these requirements, as the AML Law is applicable to all DNFBPs in this regard.

Weighting and conclusion –

Italy meets criteria 23.1 and 23.4 and partially meets criterion 23.2. Criteria 23.3 is mostly met due to deficiencies in Recommendation 19. The AML law includes most DNFBPs in the definition of obliged entities and extends the preventive measures for suspicious transaction reporting, high-risk jurisdictions, internal controls, and tipping off and confidentiality contained in the AML Law to also cover DNFBPs; however, there are no secondary regulations addressed to DNFBPs on internal control requirements, apart from those for PIE auditors, and the limited requirements that exist only require training for certain DNFBPs in suspicious transaction reporting.

Recommendation 23 is rated Largely Compliant.

⁴⁴ Recommendation 23 is newly assessed as Italy has made legal, regulatory or operational framework changes since its last mutual evaluation.

Recommendation 24 – Transparency and beneficial ownership of legal persons⁴⁵

In its 2015 MER, Italy was rated LC with R.24. there was no mechanism for monitoring the quality of assistance received from other countries and several other minor deficiencies.

Scope extends to companies and other legal persons

Criterion 24.1

The requirements of R.24 apply to all forms of legal persons in Italy, subject to the following qualifications:

- a) the measures are set out with specific reference to companies.
- b) c) Similar measures are in place for limited liability partnerships, associations, foundations and committees which are legal persons. There are no Anstalt or Waqfs recognised under the Italian legal framework.
- d) The requirements of criteria 24.3(b), and 24.10 are applied by the relevant authorities in Italy in relation to all types of foreign-created legal persons that present ML/TF risks and have sufficient links with Italy (see c.24.3(b) and 24.10)

Criterion 24.2

- a) Italy has a comprehensive legal framework in place to identify and describe the different types, forms and basic features of legal persons in the country. This information is provided under specific sections of the Civil Code (Books I and V) and is publicly accessible through various public websites, such as the business register portal and the websites of the chambers of commerce, with the corresponding legislation being available at www.normattiva.it.⁴⁶
- b) The process for creating different types of legal persons is set out in the civil code (Book V, Title II, Chapter 3, Sections I and II and Articles 2296, 2330, 2463 and 2323), and is carried out through notarial public deed. This is accompanied by mandatory registration in the business register through an online procedure established by ComUnica. Associations/ foundations are registered by a deed of incorporation and statute, followed by registration with the regional register of legal persons in accordance with Decree 361/2000. Other types of legal entities for various non-commercial purposes (called “third sector entities”) must register with the Single National Register of the Third Sector (RUNTS). This information is publicly available.
- c) The process for obtaining and recording BO information of legal persons in Italy is set out in Article 19-22 of the AML law The Business Register contains basic information on all companies and includes the Beneficial Ownership register under a special section. The process for obtaining basic information, is detailed in the civil code. This information is publicly available.

⁴⁵ Recommendation 24 is newly assessed due to changes to the FATF Standards for which Italy has not previously been assessed.

⁴⁶ The Civil Code (Books I and V) identifies and describes the different types of legal persons, namely, Limited Companies: Joint Stock Companies (S.p.A.); Articles 2325-2451 Civ.Cod. Limited Liability Companies (Società a Responsabilità Limitata/S.r.l.) Articles 2462-2483 of the Civil Code. Partnerships Limited by Shares (Società in Accomandita per Azioni S.a.p.a.); Art. 2452-2461 Civ.Cod..

PARTNERSHIPS:

- General Partnerships (Società in nome collettivo/S.n.c.), articles 2291-2312 Civ.Cod.
- Limited Partnerships (Società in accomandita semplice/S.a.s.) Articles 2313-2324 Civil Code
- Simple Partnership (società semplice) Articles 2251-2290 CC
- Cooperatives Companies (società cooperative); Articles 2511-2545 of Civil Code

PRIVATE LEGAL PERSONS:

- Foundations; Art. 14-16 Civil Code
- Recognized Associations; Article 14-16 Civ.Code
- Committees; Art. 39 Civ.Cod.

Risk assessment and risk mitigation

Criterion 24.3

- a) Since the previous NRA published in 2014, and the subsequent iteration in 2018, Italy has reviewed the ML/TF risks of legal persons in the 2024 ML/TF NRA. Since the outset, this exercise focused on determining the risk posed by all types of entities, including those ones with a legal personality, and which therefore are deemed likely to be misused. The NRA analysed the risks associated with joint-stock companies that are not listed on the stock exchange, limited liability companies, and companies limited by shares, as well as recognised associations and foundations. The working group for the NRA did assess the risk posed by listed joint-stock companies and cooperatives. The NRA focused on entities which pose a greater degree of risk and identified vulnerabilities, such as those with legal personality. While these considerations are relevant in a risk assessment, the exclusion of such entities from the risk assessment is a deficiency. No specific steps have been taken to manage and mitigate the risks identified, apart from putting in place general measures to manage and mitigate the risks identified, i.e. implementing obligations as required by FATF (CDD, collection of BO information on companies, supervision). For foreign created legal persons, the NRA assessed the vulnerabilities arising from entities incorporated in non-cooperative jurisdictions allowing anonymity of some forms of corporate entities such as fiduciaries. This assessment concluded that ML/TF risk from legal entities based or resident abroad are considered greater than for Italian legal entities. Measures such as a requirement for FIs and DNFBPs to obtain beneficial ownership of customers and make it accessible in a timely manner to competent authorities (cf. c.24.10), the use of international commercial databases of companies (cf. 24.9), the use of registers of beneficial owners in other EU or EEA countries (cf. 24.15) are in place to manage and mitigate the risks. There is also a possibility for some authorities (the UIF, DIA and NSPV of GdF) of using forms of international cooperation to seek information from counterparts.

Basic information

Criterion 24.4

All companies created in Italy are registered in the Business Register, that includes and makes public all the basic information including business name; legal form; address of the main business and, if possible, secondary offices; the type of administration and management in place; the list of administrators, managers as well as, for listed companies, auditors; ; "Partita Iva" as unique identifier, that is also used as tax identification number, and the type of activity to be conducted. regulating The business register is publicly available (Civil Code, Art. 2188).

Criterion 24.5

- a) Italy requires all companies to obtain and record basic information, which includes: company name and legal form (registered in the Business Register); Proof of incorporation through notarial deed; Legal status and any changes thereof; Registered office address; Deed of incorporation (Atto Costitutivo); Company bylaws (Statuto); List of directors (recorded in the Business Register); Tax identification number (Codice Fiscale); VAT number (Partita IVA); Registration number in the Business Register (REA number).
- b) Italy requires imposes shareholder register requirement on all companies. This requirement varies based on the nature of the company.

Joint stock companies are required to maintain a shareholders' register which must include names of shareholders, number of shares held, record share categories and related voting rights and changes in ownership. Limited Liability companies must have list of shareholders and their

ownership quotas, information about voting rights and special rights and must also record any transfer of quotas.

- c) Basic company information must be kept at the registered office of the company, or at any location that is to be notified to the Business register.

Beneficial ownership information

Criterion 24.6

- a) Companies and other private legal entities are required to obtain and hold, for a period of not less than five years, adequate, accurate and up-to-date information on their beneficial ownership and shall provide it to obliged entities when implementing CDD measures as required. (AML Law Art. 22(2)). There is no obligation on companies to cooperate with competent authorities to the fullest extent possible in determining the beneficial owner, although LEAs are generally empowered to request information from any person when carrying out their duties and conduct inspections. (CC art. 351(1)).
- b)
 - (i) Italy has a business register for legal persons. Legal persons are required to file with the necessary participation of a notary or, in case of limited liability companies a notary or chartered accountant or accountant, legal ownership information with the Business Register. This register has information on legal ownership, which may at times coincide with beneficial ownership, but does not necessarily overlap with it. Article 21 of AML Law (implemented by Ministerial Decree no. 55/2022) established a Beneficial Ownership Register, but the obligation to file information to this register and access the information held there, including for FIs, DNFBPs and competent authorities, was suspended in October 2024 following an order from the Council of State (no 3533/2024) and remained suspended as of the on-site visit (July 2025). Italy has some various mechanisms to contribute to determining beneficial ownership of companies. They do not, however, fulfil the requirements of R.24, as they are not specific mechanisms to ensure access to beneficial ownership. The Business Register relies on basic information (legal ownership information). The Accounts and Deposits Database, which is a part of the Tax Register, provides competent authorities the possibility of accessing certain account-related information. This relies on existing information, since the name of the beneficial owner is provided by FIs in relation to the relevant account
 - (ii) Italy has various mechanisms in place to determine beneficial ownership of companies. They do not, however, fulfil the requirements of R.24, as they are not sufficient to ensure access to beneficial ownership information. One mechanism is the Business Register, which relies on basic information (legal ownership information). Another is the Accounts and Deposits Database, which is a part of the Tax Register and provides competent authorities the possibility of accessing certain account-related information. This relies on existing information as the name of the beneficial owner is provided by FIs in relation to the relevant account. It does not contain information on the beneficial interest held.
 - (iii) Competent authorities in Italy have access to additional supplementary measures to determine the BO of a company. This includes:
 - a) Information held by FIs and DNFBPs. The competent authorities can access the Accounts and Deposits Database (cf. (ii) above) to identify the relevant FI or DNFBP (depending on the type of customer relationship) to obtain information from. Information on notaries and accountants who have been involved in transfers of shares in relation to a company is accessible in the Business Register, which also enables identification of relevant obliged entities to obtain information from.
 - b) Information available on shareholders above certain thresholds of listed companies, which is accessible on the CONSOB website.

Criterion 24.7

All the persons, authorities and entities mentioned in criterion 24.6 are required to retain information and records referred to for at least five years after the date on which the company is dissolved or otherwise ceases to exist, or five years after the date on which the company ceases to be a customer of the professional intermediary or the FI. Italy mandates data retention requirements through various legislations, specifically

- The Civil Code establishes provides for a 10-year retention period after business dissolution, under the responsibility of the liquidator.
- The AML Law (Art. 31(3)) requires obliged entities to maintain records for 10 years after the conclusion of business relationships or execution of occasional transactions. This requirement includes information on beneficial ownership.
- Tax law requirements provide for a 10-year retention period for tax-related documentation, including invoices, ledgers, and relevant correspondence, with these obligations continuing even after a company's dissolution (Civil Code, Art. 2220, Presidential Decree 600/1973, Art. 22, and Law 212/2000, Art. 8 (5) as amended by Legislative Decree 219/2023).
- Companies and private legal entities are required to obtain and hold for a period five years, adequate, up-to-date and accurate information on their beneficial ownership and shall provide it to obliged entities when implementing CDD measures as required (AML Law, Art. 22).

Timely access to adequate, accurate and up-to-date information

Criterion 24.8

Italy has multiple mechanisms in place to ensure that basic and beneficial information is adequate, accurate and up to date.

Adequate

The following identifying information on beneficial owners is required to be provided to the Business Register (AML Law, Art. 21(1) cf. Decree 55/2022 on disclosure, access and consultation of BO information, Art. 1(2)(c) and 4(1)(a)): name and surname, date and place of birth, residential address and domicile, where different from registered residence, and, where assigned, the tax identification number, and citizenship. If the legal person is a company or partnership, the BO information shall also include information on the extent of the investment in the capital of the company. If the BO is not identified by virtue of the size of the investment, the BO information shall include the manner of exercising control (including whether this is based on providing information on the powers of legal representation, administration or management as a last resort) (Decree 55/2022, Art. 4(1)(b)). As noted in c.24.6.b, the BO register is currently suspended.

The Accounts and Deposits Database, which is a section of the Tax Register, contains information on the name only of the beneficial owners identified by the FI who has reported the account information to the database. It does not include information on the means and mechanisms through which they exercise beneficial ownership or control. The information accessible in the Database is therefore not fully adequate.

Accurate

To ensure the accuracy of basic information, Italy relies on public notaries, who as public officials verify information during company incorporation and subsequent modifications. Information which is entered into the business register is both automatedly and manually verified through the Chamber of Commerce (Decree 55/2022 Art. 6(9)). Public access to basic company information may provide an additional layer of scrutiny, allowing stakeholders to identify and report inaccuracies.

For beneficial ownership information, the Chambers of Commerce provide for checks on the self-declarations made by companies, such as automatically cross-checking information provided with registered information on shareholding. To contribute to the accuracy of information obtained by the companies themselves, there are requirements on the directors to check accounting documents, financial statements, shareholders' register, communications relating to business ownership or control as well as communications from shareholders and any other data available to them (AML Law, Art. 22(3)). In case any doubts persist, directors are required to request information from shareholders for further analysis (AML Law, Art. 22(3)). FIs and DNFBPs are required to verify beneficial ownership information under CDD obligations (AML Law, Art. 18(1)(b)).

Up to date

Basic information sent to the Register must be updated within thirty days every time a change occurs, (CC, Art. 2196). For beneficial ownership information Article 3 of Decree 55/2022 requires that changes are notified to the Business Register within thirty days, in addition to requiring the information in the register to be annually confirmed. Information in the Accounts and Deposits Database is updated by FIs within thirty days of a change.

Criterion 24.9 –

Competent authorities (including the UIF, GdF and supervisory authorities) have access to basic information on companies and partnerships through the Business Register, as it is publicly available. (see also c.24.10 below).

With regard to BO information, the AML law empowers the UIF (Article 6(6)), sectoral supervisory authorities (Art. 7(3) cf. Art. 21), DIA (Art. 8(1)(e)) and the GdF (Art. 9(6)(b)) to access the BO Register. The GdF has access to the Tax Register (Art. 9(6)(a) as well as the integrated real estate register (Art. 9(6)(b-bis)). Information on foreign companies can be accessed through international databases (ORBIS) and international cooperation. Since access to the BO register was suspended at the time of the onsite, even for competent authorities, the Assessment Team did not take the use of the register into account.

Obligated entities are required to ensure timely access by competent authorities to data and information (including customers' BO) obtained during CDD (Art. 22 (5ter)).

Italy has implemented the Reg. (EU) 2021/241 (establishing the Recovery and Resilience Mechanism), which requires transparency of beneficial ownership information for the final recipients of the funds or contractor of investment projects under the National Recovery and Resilience Plan (NRRP). Italy also has in place a Public Contracts Database of the National Anticorruption Authority, open for public consultation from the institutional website of the Court of Auditors, where the basic data of each subject awarded a public contract are indicated. Through the Public Contracts Database, competent authorities may access to basic information (including legal ownership, which may coincide with the beneficial ownership) for all public procurements. This does not, however provide authorities at the national level access beneficial ownership information for public procurement which is not a part of the NRRP.

Criterion 24.10

Italy requires that branches of foreign-created companies be registered in the Business Register, and the relevant basic information, including their legal ownership, is accessible to competent authorities. Specific agreements between the Chambers of Commerce system and the competent authorities are in force to allow electronic and simplified access to the data of the Business Register and similar agreements are going to be defined to speed up the access of competent Authorities to the BO Register. The same measures available to competent authorities to obtain beneficial ownership information from FIs and DNFBPs (cf. above under c.24.9) applies where foreign companies are customers of FIs or DNFBPs. The measures also include the use of commercial databases [ORBIS] and the potential use of international cooperation.

Criterion 24.11

The Business register is a public register and information contained within it is accessible to the public at large. Additionally, national business registers of European Member States are interconnected through the BORIS (Business Registers Interconnection System) which allows searches for information on companies registered in any EU country or in Iceland, Liechtenstein and Norway. The registers can exchange information on foreign branches of companies and on cross-border mergers between companies.

Obstacles to transparency

Criterion 24.12)

a) and b)

Royal Decree-Law no. 1148/1941 states that shares shall only be nominative, except for two types of shares may be issued in bearer form, namely:

- “saving shares” of companies listed in Italy or in another EU country. These shares do not provide voting rights (article 145 of the LD n. 58/1998–CLF), and are limited to shareholders who are not listed as directors, members of the company’s board of auditors, and general managers of the company, and
- shares of investment companies with variable capital (SICAV), which include one vote per shareholder, irrespective of the number of shares held (article 45 of the CLF).

Both types of shares must be dematerialised, and they must be deposited with a single central depository and their transfer as well as the exercise of the rights they carry may only be exercised through intermediaries (articles 83 bis and following of the CLF). Bearer share warrants are also covered within the ambit of these regulations.

Criterion 24.13

There is no formal concept of nominee directors in the legal system in Italy. Various rules on personal responsibility, disclosure requirements, liability and CDD contribute to the impracticality and discouragement of nominee directors.

General rules on representation permit non-shareholders or third parties to intervene on the shareholder’s behalf based on a power of attorney duly signed by the registered shareholder (Civil Code, Art. 1389).

The third party may participate in the company’s general assembly—albeit with some limitations—to exercise the shareholder’s voting rights. In this case, the company must keep a copy of the power of attorney (Civil Code, Art. 2372). These measures ensure the transparency of the representation and over the real ownership of the shares,

In addition, fiduciary companies may act as nominee shareholders, by express regulatory provision (Decree 16 January 1995). On this basis, they specifically perform the function of acting as (or arranging for another person to act as) a nominee shareholder for another person, and as DNFBPs (AML Law, Art. 3) they are required to hold information on their customer (nominator) and the customer’s beneficial owners and ensure timely access by competent authorities to this information.

Liability and sanctions

Criterion 24.14

The responsibilities to comply with the requirements are provided in the respective legislations as described above. Liability and proportionate and dissuasive sanctions are in place for any legal or natural person that fails to properly comply with the requirements.

For failure to obtain and verify information on their customers or the BO of customers, obliged entities can be subject to an administrative sanction amounting to EUR 2 000 which can increase to EUR 50 000 (AML Law, Art. 56) for serious or repeated violations. The same administrative sanctions are set out for the case of failure to comply with retention obligations (AML Law, Art. 57). The failure to provide information to the UIF is subject to administrative pecuniary sanctions ranging from EUR 5 000 to EUR 50 000 (AML Law, Art. 60). These penalties can extend to fines of EUR 5 million or 10% of total turnover for a FI in case of serious, repeated and systemic failure of reporting obligations (AML Law, Art. 62). Failure to comply with the filing obligations for basic information to the Business Register, set out in the civil code, may be sanctioned by a fine ranging between EUR 103 and 1032 (Civil Code, Art. 2630).

While the sanctions on FIs for breach of their reporting obligations is largely dissuasive, the sanctions for not filing basic information with the business register [do not] appear to be sufficiently dissuasive and proportionate.

International cooperation

Criterion 24.15

Italy provides a range of international cooperation in relation to basic and BO information, on the basis set out in Recommendations 37 and 40.

- a) There are no restrictive conditions on the exchange of information or assistance.
- b) and c)

The Business Register contains basic and shareholder information and is accessible by third parties, including foreign authorities.

- d) The UIF, NSPV of the GdF and the DIA can provide to foreign counterparts all information acquired through powers available to it, including BO information obtained on beneficial ownership (Art. 13(3) of the AML law). The Cooperation with Foreign FIUs Division of the UIF analyses the quality of assistance received and is also responsible for providing feedback to foreign counterparts. . Other authorities do not monitor the quality of assistance.
- e) The Cooperation with Foreign FIUs Division of the UIF analyses the quality of assistance received and is also responsible for providing feedback to foreign counterparts. Other authorities do not monitor the quality of assistance.
- f) and g)

Competent authorities are designated as responsible for responding to BO requests by their counterparts, and such information available with authorities is kept in a readily access manner (AML Law, Art. 13 and 13bis).

Weighting and conclusion –

The Beneficial Ownership Register in Italy was suspended in October 2024 (both for supplying information to it and accessing information from it) and remained suspended at the time of the on-site. Italy does not have a sufficient alternative mechanism in place, but the Accounts and Deposits Database enables competent authorities access to some BO information held by FIs (name of the BO). The reliance on access to information through FIs, VASPs and DNFBPs, including access to the Database, relies on there being a banking or other ongoing business relationship with an FI, VASP or DNFBP, which is not required in Italy. The sanctions for non-compliance with filing basic information are not proportionate and dissuasive. Moderate shortcomings remain and

Recommendation 24 is rated Partially Compliant.

Recommendation 25 – Transparency and beneficial ownership of legal arrangements⁴⁷

In its 2015 MER, Italy was rated LC with R.25 based on insufficient sanctions for failing to grant competent authorities timely access to information.

Scope extends to express trusts and other similar arrangements

Criterion 25.1

Trusts cannot be established under Italian law, but foreign trusts recognized by the Italian legal system (Law No. 364/1989). Entities and arrangements which by their structure and functions give rise to legal effects equivalent to those of express trusts are considered 'other similar arrangements' and subject to the same requirement as those for trusts (AML law, Art.22). In Italy, for AML/CFT purposes, "fiduciary mandate" and "destination constrain" (*"vincolo di destinazione"*) (Civil Code, Art. 2645-ter) are considered examples of other similar arrangements.

Criterion 25.2

While trusts cannot be established under Italian law, similar legal arrangements may be established, and there are the Fiduciary mandate and *vincolo di destinazione*. The forms, basic features and processes for setting up all types of legal arrangements are identified, described, and made available in legislation (Law no. 1966 of 1939 and Art. 2740 of the Civil Code). The processes for obtaining basic and BO information for trusts is provided under various legislations and made publicly available (2645-ter of Civil Code, Decree of the Minister of Industry, Trade and Crafts of 16 January 1995).

Risk assessment and risk mitigation

Criterion 25.3

The 2024 National Risk Assessment (NRA) assesses the ML/TF risks associated with trusts and similar legal arrangements. The assessment covers:

- a) Legal arrangements governed under Italian law.
- b) Legal arrangements which are administered in the country and for which the trustee or equivalent resides in Italy.
- c) Types of legal arrangements with sufficient links to Italy, which are legal arrangements which produce legal or tax effects in Italy

The NRA has identified foreign trusts having the largest vulnerabilities and has identified asset separation to the detriment of creditors, tax evasion and obscuration of ownership through complex and/or opaque ownership chains as the most likely methods of evasion. The NRA also identified fiduciary companies as having a high risk of ML.

Basic and Beneficial ownership information

Criterion 25.4

Criterion 25.4 (a)

Trustees of express trusts and persons exercising equivalent rights in similar legal arrangements are required to hold adequate, accurate and up-to-date information on the identity of (i) the settlor(s), (ii)

⁴⁷ Recommendation 25 is newly assessed due to changes to the FATF Standards for which Italy has not previously been assessed.

trustee(s) (iii) the guardian(s) or other person(s) on behalf of the trustee, if any, (iv) the beneficiary(ies) or class of beneficiaries and other natural persons exercising control over the trust or related legal arrangement and (v) any other natural person ultimately exercising control over the trust or related legal arrangement (AML Law, Art. 22(5)).

Criterion 25.4 (b)

Where the parties to the trusts or other similar legal arrangements are legal persons or arrangements, the relevant beneficial owners must be identified.

However, trustees and persons in equivalent positions are not explicitly required to obtain and hold adequate, accurate and up-to-date basic and beneficial ownership information on legal persons or arrangements who are parties to the trust or similar legal arrangement. The exception is when the trustee is a fiduciary company subject to the AML Law is required to perform CDD on the settlor

Criterion 25.4 (c)

There is no specific requirement for trustees or persons holding equivalent positions in a similar legal arrangement to hold basic information on other regulated agents and service providers to the trust. Through accounting rules, trustees or persons holding equivalent positions in a similar legal arrangement must retain for 10 years accounting books and invoices from service providers to the trust (Civil Code art. 2220). This may include basic information, but the information is not required to be held as such.

Criterion 25.5

Article 22(5ter) requires trustees and persons who exercise equivalent rights and powers in similar legal arrangements to retain BO information collected under Article 22(5) for a period of not less than five years after the termination of their trustee status. Shortcomings noted in c.25.4 b) and c) also impact this criterion.

Criterion 25.6

Trustees are required to hold up to date information (AML Law, Art. 22(5)). Article 3 of Decree 55/2022 requires that trusts and similar legal arrangements established or resident in Italy notify electronically, through a self-declaration, to the Business Register Office any changes in their BO information. The Decree requires changes to be notified to the Business Register Office within thirty days of the change. Even in cases where no change in beneficial ownership occurs, BO data has to be annually confirmed to the registry by the trustee or person in a similar position (Decree 55/2022, Art. 3(3)). Shortcomings noted in c.25.4 b) and c) also impact this criterion.

Criterion 25.7

Criterion 25.7 (a)

Trustees or persons holding equivalent positions in similar legal arrangements to declare their status to the obliged entities during CDD while entering a business relationship or carrying out an occasional transaction (AML Law, Art. 22(5)).

Criterion 25.7 (b)

Trustees or persons holding equivalent positions are required to cooperate with competent authorities and provide beneficial information on the trust or similar legal arrangement to competent authorities (Art. 22(5)).

Criterion 25.7 (c)

Clients are required to provide to obliged entities information on their beneficial ownership (AML Law, Art.19 (1)) to enable obliged entities (FIs and DFNBPs) to comply with due diligence requirements (AML Law, Art. 22 (1)). These obligations extent to trustees or persons holding equivalent positions.

Timely access to adequate, accurate and up-to-date information

Criterion 25.8

Adequate

Trustees and persons exercising equivalent rights are required to hold identification data of the settlor(s), trustee(s), guardian(s), the beneficiary(ies) or class of beneficiaries and other natural persons exercising control over the trust or similar legal arrangement and any other natural person exercising control over the trust or similar legal arrangement (AML Law, Art. 22(5)). However, as noted in c.25.4, sufficient information is not obtained.

Accurate

The Chambers of Commerce cross-checks information on basic and BO information with the Business Register databases (Decree 55/2022, Art. 6 (9)). Additionally, blocking controls means that submission with errors must be corrected before submission. These included formal controls of the date of submission and a requirement for the submission to be digitally signed by a person responsible for signing. Further, FIs, DNFPBs and VASPs are required to verify and update the data and information obtained during CDD through reliable and independent sources.

Up to Date

Trustees and persons exercising equivalent rights are required to hold up to date information (AML Law, Art. 22(5)).

Criterion 25.9

According to the law, Italian competent authorities have access to basic and BO information through:

- a) The beneficial ownership register, where such information is required to be stored (AML Law, Art. 21(3)). Note that this register is suspended for access.
- b) A wide range of ownership, accounting and banking information is maintained by the Revenue Agency, which holds the Register of Accounts where banks report information in respect of their accounts.
- c) FIs and DNFPBs, who are required to obtain and store basic and BO information of clients.
- d) The Tax Registry, which contains information on trust with a trustee resident or administered in Italy.

Criterion 25.10

Competent authorities, including LEAs and UIF, have the powers necessary to obtain timely access to information held by trustees, in particular beneficial ownership information. Which information can be accessed, varies depending on the source of the information.

Competent authorities, including UIF and Guardia di Finanza (GdF) with access to the BO Register which contains information on beneficial owners of legal entities and trusts. Access to this register is currently [March 2025] suspended, including for competent authorities (AML Law, Art. 21(2) (a)).

The GdF and the UIF can access information on trustees, beneficiaries and trust assets from which has been collected by any obliged entity as part of CDD (AML Law, Art. 6(6)(c) and 9(4)(a-bis)).

Also the DIA, as part of the countering action against the laundering by organised crime, pursuant to article 9 (8) of AML Law, has access to the data contained in the Tax Register section; information on the BO (beneficial owner) of legal entities and express trusts, contained in a dedicated section of the business register, pursuant to Article 21(2) (a) of AML Law; information contained in the integrated real estate register (Legislative Decree 78/2010, Art. 19).

The GdF and UIF may access the Tax Register, where all trusts in Italy are required to register, see also c.25.2(b)(ii). This register includes basic information on the trusts, including information on the residence of the trustee or equivalent.

Liability and sanctions

Criterion 25.11

Criterion 25.11 (a)

To the extent that requirements in INR.25 is implemented in Italy (see criteria above), the responsibilities are clear. As noted above, there are various gaps which impact this criterion.

Criterion 25.11 (b)

Failure to comply with the filing obligations on beneficial ownership to the Business Register Office can be sanctioned by a fine ranging between EUR 103 and 1032 (article 21 (1) AML Law and article 2630 c.c.). In these cases, the competent Chamber of Commerce is responsible for investigating the breach of the obligation and for imposing the relevant administrative sanction pursuant to article 2630 of the Civil Code (Decree 55/2022, Art 4 (2)). While these sanctions exist, they are not proportionate or dissuasive. Additionally, given that communications to the Business Register are self-declarations, communications containing false information would constitute a criminal offence, punishable with imprisonment up to two years (LD 445/2000, Art. 786).

Criterion 25.11 (c)

FIs and DNFBP that fail to provide the UIF with the information or data required to carry out their institutional functions shall be subject to an administrative pecuniary sanction ranging from EUR 5 000 to EUR 50 000 (AML Law, Art. 60).

The failure to provide access to other competent authorities is sanctioned by article 57 of AML Law through a sanction equal to EUR 2 000. In case of a serious, repeated or systematic or multiple infringements, the sanction may range from EUR 2 500 to 50 000 (AML Law, Art. 57 (2)). These sanctions appear to be proportionate and dissuasive.

International cooperation

Criterion 25.12

Competent authorities may share BO information acquired through powers available to them, with their foreign counterparties. Competent authorities ensure that the exchange of information is not hindered by the relevance of the information or assistance to tax matters, by the different legal nature or status of the requesting competent authority, or by the existence of an enquiry, investigation or criminal proceedings (AML Law, Art. 13 and 13 bis).

LEAs are empowered to use their legal powers, in accordance with domestic legislation, to obtain basic and beneficial ownership information on behalf of foreign counterparts. Such powers include the ability to access information held directly through official databases, or to conduct further inquiries, when necessary, as long as they do not entail using coercive measures. This includes beneficial ownership information and information on trust. (LD 181/2024 Art. 2(f), (h) and (i)).

Competent authorities are designated as responsible for responding to BO requests by their counterparts.

Weighting and conclusion –

Trustees and persons in equivalent positions are not required to obtain and hold adequate, accurate and up-to-date basic and beneficial ownership information on legal persons or arrangements who are parties to the trust or similar legal arrangement, unless the trustee is a fiduciary company performing CDD on the settlor. There is no specific obligation to hold information on regulated agents and service providers to the trust. Sanctions for non-compliance with BO filing obligations are not proportionate or dissuasive. Overall, these are minor shortcomings and **Recommendation 25 is rated Largely Compliant.**

Recommendation 26 – Regulation and supervision of financial institutions⁴⁸

In its 2015 MER, Italy was rated LC with R.26 based on a minor deficiency related to the risk-based approach applied by the BoI, including data on inherent risk faced by FIs and the mitigating measures in place. R.26 was re-rated C in the 2019 FUR.

Criterion 26.1 –

The financial sector supervisory authorities (the Bank of Italy and IVASS) are responsible for regulating and supervising financial institutions' compliance with AML/CFT requirements (AML Law, Art. 7 (1)). Supervision of specific categories of financial institutions may also be carried out by the Special Foreign Exchange Unit of the GdF, with prior agreement of the relevant supervisory authority (AML Law, Article 9(2)).

Market Entry**Criterion 26.2 –**

It is prohibited for anyone other than a bank from engaging in deposit-taking activity on a public basis (the CLB, Art. 11). Payment institutions, non-bank FIs granting loans, entities that intend to issue electronic money need to be authorised by BoI (the CLB, Art. 114 novies, Art. 114 quinquies and Art. 107). Agents of these entities are authorised by the OAM. Bureaux de change must be authorised by the OAM. CONSOB authorises investment companies after consultation with BoI (the CLF, Art. 19). The BoI can authorise asset management companies after consultation with CONSOB (the CLF, Art. 34 and 35-bis).

Insurance activities and the classes of activity that are subject to licensing by the IVASS. It also prohibits and sets out sanctions for persons engaged in unauthorised insurance activity. The Code also prohibits and sets out sanctions for persons engaged in unauthorised insurance activity (Art. 305).

The licencing arrangements in place in Italy do not allow the establishment of shell banks in Italy.

Criterion 26.3 –

Shareholders, directors, managers, and persons performing control functions of banks need to satisfy specified integrity requirements (CLB, Art. 14, 107, 114 quinquies and 114-novies and the Consolidated Law on Finance, Art. 19, 34 and 35-bis). Where shareholders fail to meet the integrity requirements, they can be precluded from exercising voting rights and other rights that allow the shareholder to influence the company and where directors, managers, and persons performing control functions fail these requirements, they shall be disqualified from holding office (Consolidated Law on Banking, Art. 25 and 26). The OAM applies fit and proper test to financial agents that provide services to PIs and (Decree 14/2010).

⁴⁸ This Recommendation was not under review. Therefore, the text for the Recommendation is copied from the 2015 MER and 2019 FUR, with minor non-substantive edits included from Italy.

Members of the Board of Directors, senior management, and significant shareholders in Insurance companies must be suitable for their functions (the Insurance Code, Art. 76, 77 and 78). IVASS has the authority to disqualify and remove persons who do not meet established criteria and to prevent them from serving at another insurance institution.

Risk-based approach to supervision and monitoring

Criterion 26.4 –

Italy was subject to an FSAP update conducted by the IMF in 2018-2019, which assessed Italy's compliance with the Basel Core Principles (BCP) for Effective Banking Supervision.

The BCP assessment, in particular, found that the Bank of Italy has a risk-based proportional approach to the prudential supervision of banks in its remit (i.e. less significant institutions, as significant institutions are supervised by the ECB). In addition, the assessment noted that the Bank of Italy has a structured process for planning supervisory activities and determining priorities that are focused on the main weaknesses in the banking sector, with i) the offsite assessment of banks being based on a thorough set of prudential reports and indicators that consider the banks' main risk areas and ii) onsite reviews thoroughly assessing banks' policies and risks and being well coordinated with the findings of the offsite process. The assessment also found that the overall banking and legal regulatory framework has significantly enhanced since the previous assessment round (conducted in 2013), as the Bank of Italy has been given powers that allow to better address weaknesses and problems in the banking system (e.g., sanctioning supervised entities; removing banks' board and senior management members).

The IAIS assessment noted that the legal framework clearly defines insurance activity and sets out objective and transparent licensing criteria. The legal framework requires insurers to have effective risk management systems in place. The Title XV (Group supervision) of the Insurance Code give IVASS the power to undertake group-wide supervision of insurance groups.

E-money and payment institutions are subject to monitoring and compliance oversight activity undertaken by Bol. (See discussion of Bol's supervision under para 309). Section I of the Bol March 2011 regulation requires MVTs to monitor transactions including those undertaken by agents. The monitoring is required to cover the activity of both the payer and the beneficiary. MVTs are required to have systems in place to identify and block suspicious transactions.

Passported agents of agents of EU-licensed PIs operating under the PSD fall under the supervisory responsibility of their home regulator.

Criterion 26.5 –

The intensity of both on-site and off-site supervision employed by Bol is tailored to be commensurate with the level of net ML/TF risks (AML Law (Art. 7, par. 2, let. a)). For all financial institutions under its AML supervisory remit (i.e. all financial institutions except for the insurance sector), the Bank of Italy has developed a supervisory process which details the characteristics of a risk-based approach to AML/CFT supervision. On the basis on the actual risk assessed, the Bank of Italy determines the frequency, intrusiveness, intensity level of its supervision.

IVASS uses an RBA similar to that which is currently in place at Bol. The system assesses ML/TF quantitative and qualitative data, collected under to IVASS Regulations No. 44 of 12 February 2019. This data is used to assess the risk of the insurance sector and to obtain, for each undertaking, the level of residual risk. It allows to IVASS to apply a risk-based approach to allocate resources and to implement measures to prevent or mitigate ML/TF.

Criterion 26.6 –

AML financial supervisors are required to adjust the intensity and frequency of their supervisory activity according to the ML/TF risks to which supervised entities are exposed (AML Law (Art. 7, par. 2, let. A)).

Financial institutions in the remit of the Bank of Italy are covered by the multi-year annual supervisory strategy for 2024-27. The strategy – while ensuring that all intermediaries are subject to a complete supervisory cycle on a 4-year horizon – provides for a priority-based supervisory cycle built on a sectoral criterion and a financial institution-specific criterion. Specifically, the frequency of risk assessment is identified based on the sector (1, 2, 3, or 4 years, with significant banks being assessed every year) and on the relevance of financial institutions for the financial system, regardless of the sector they belong to. Pursuant to such approach, the operational planning regarding 2024 has included for that year's supervisory cycle all financial institutions that are to be assessed every year, and approximately 50% of financial institutions that are to be assessed every 2 years, 30% of financial institutions that are to be assessed every 2 years, and 25% of financial institutions that are to be assessed every 4 years.

IVASS yearly reviews the undertakings risk profile. Moreover, IVASS assesses the modification made to the AML internal control framework. Both the activities above mentioned allow IVASS to realize its supervisory activity on a risk-based approach.

Weighting and conclusion –

Recommendation 26 is rated Compliant.

Recommendation 27 – Powers of supervisors⁴⁹

In its 2015 MER, Italy was rated LC with R.27 based on the inability to impose administrative sanctions on natural persons and to remove directors and managers and the relatively low level of sanctions that can be applied to legal persons are weaknesses in the sanctions regime. R.27 was re-rated C in the 2019 FUR.

Criterion 27.1

The financial sector supervisory authorities oversee compliance with the law by persons they supervise (AML Law, Art. 7 (1)). Supervisory activity on specific categories of financial institutions may also be carried out by the Special Foreign Exchange Unit of the GdF, with prior agreement of the supervisor (AML Law, Art. 9(2)).

Criterion 27.2 –

Bol is empowered to conduct inspections at the premises of such entities (AML Law, Art. 7(2)(b)); on-site inspections can be also conducted in the context of group supervision (AML Law, Art. 7(2)(4bis)). For some specific categories of financial institutions (non-bank financial intermediaries; e-money institutions and payment institutions, including the Italian branches of EU entities; trust companies; Italian branches of foreign banks), Bol may delegate to the Special Foreign Exchange Unit of the GdF to carry out inspections (AML Law, Art. 9 (2)).

The MoU between Bol and CONSOB allows the Bol to request CONSOB to conduct also AML/CFT checks when it conducts prudential onsite inspections.

⁴⁹ This Recommendation was not under review. Therefore, the text for the Recommendation is copied from the 2015 MER and 2019 FUR, with minor non-substantive edits included from Italy.

Criterion 27.3 –

Bol is empowered to compel the production of any documentation or information relevant for assessing compliance with AML/CFT requirements (AML Law, Article 7(2)(b)); such power can be exercised also in the context of group supervision (AML Law, Art. 7(2)(4bis)). This provision assigns the same power to IVASS, with reference to insurance undertakings and insurance intermediaries. In addition, pursuant to the Insurance private code, a specific sanction is envisaged for supervised entities “hindering supervision by denying access to the premises or by refusing to obey the order to produce the documents concerning insurance or reinsurance business or the activity of insurance or reinsurance mediation” (art. 306)

Criterion 27.4 –

Article 62 of the AML Law provides for a general framework on administrative sanctions that can be applied to financial institutions in case of serious, repeated, systematic or multiple breaches of AML/CFT requirements. The power to impose such sanctions is entrusted to Bol. The Bol may impose pecuniary administrative sanctions ranging from EUR 30 000 to EUR 500 000 or the equal to 10% of the total annual turnover (whenever the latter is available and quantifiable) (Article 62(1) AML Law).

For managers and members of management and control bodies who are co-responsible for the breach, Bol may impose pecuniary administrative sanctions ranging from EUR 10 000 to EUR 5 000 000. Additionally, Bol is competent to sanction such persons for lapses relating to AML/CFT requirements, except for STRs obligations, for which the Ministry of Economy and Finance is competent instead (AML Law, Art. 62(7) and (9)). Moreover, Bol may temporarily ban such individuals (from 6 months to 3 years) from exercising management functions (AML Law, Art. 62(2) and (3)). Also, Bol may order the removal of one or more managers and members of management and control bodies, where their continuation in their position damages the sound and prudent management of the bank (Consolidated Law on Banking, Art. 53-bis (1)(e)). While these measures are adopted by Bol in its capacity as prudential supervisor, they can be extended to AML/CFT issues when these have negative repercussions in the prudential field).

Also, for breaches of rules or management irregularities, Bol may prohibit credit institutions from undertaking new transactions ('operational stops'; Article (7(2)(d), AML Law)), which is a tool that basically mimics the effects of the authorisation withdrawal/suspension. For extremely serious violations of rules or of extremely serious management irregularities, the licence may be withdrawn, and the financial institution is put under liquidation (for financial institutions in the AML/CFT supervisory remit of Bol, the Bol is competent for withdrawing their licence, apart from banks, for which the ECB is the competent authority).

IVASS has powers of removal provided by law, Art. 242 of the Code of Private Insurance.

Weighting and conclusion –

Recommendation 27 is rated Compliant.

Recommendation 28 – Regulation and supervision of DNFBPs

In its 2015 MER, Italy was rated LC with R.28 based on the absence of administrative sanctions for DNFBPs in general and for casinos with respect to the failure to meet record keeping requirements are weaknesses and the lack of a comprehensive supervisory methodology for GdF.

Casinos

Criterion 28.1 –

- a) In Italy the establishment of land-based casinos is exclusively reserved to the State. Four casinos have been established by law. Land-based and on-line casinos are licenced by the Customs and Monopolies Agency.
- b) Land-based and on-line casinos in Italy are regulated by specific legal provisions that subject them to public control, thus depriving them of possible control by criminals or their affiliates.
- c) The compliance of the four land-based casinos (AML Law, Art. 3(6)(c)) and the on-line casinos (AML Law, Art. 3(6)(a) and (b)) with the obligations set out in the AML Law is entrusted to the Guardia di Finanza (AML Law, Art. 9), which has to report annually to the FSC statistical data and information on the activities carried out in the framework of its supervisory and control functions (AML Law, Art. 5(7)).

DNFBPs other than casinos

Criterion 28.2 –

The GdF is the primary AML/CFT supervisor for DNFBPs as it is responsible for the supervision of all obliged entities that do not fall within the supervisory competence of the BoI, CONSOB or IVASS (AML Law, Art 9). The GdF is the supervisory authority for persons who export gold for industrial and investment purposes, the manufacturing, brokering and trade, including the export and import of precious objects, the manufacture of precious objects by artisanal enterprises, trust companies and persons other than accountants and labour advisers providing accounting and taxation services, trust and company service providers, auditors and real estate brokers.

CONSOB is the supervisory authority for independent auditors and auditing firms of Public Interest Entities (AML Law, Art. 1 (2) (c), read with Art.7 and Article 62 (5 and 8)). Additionally, the UIF can perform control on DNFBPs (AML Law, Art. 6 (4) (f) and (5) (a)).

Criterion 28.3 –

The GdF monitors DNFBPs for compliance with AML/CFT requirements (AML Law, Art. 9).

Criterion 28.4 –

- a) The GdF may undertake on-site inspections and require the presentation and transmission of documents, acts, and any other useful information and may impose administrative sanctions and measures (AML Law, Art. 9).
- b) In Italy, various legislative measures have been enacted to prevent criminals or their associates from being professionally accredited, holding a significant or controlling interest, or holding a management function in DNFBPs. All lawyers, notaries and accountants must be accredited by respective SRBs before they can carry out activity in line with their professions (*Law No. 137/1956*). Specific suitability requirements (professional and moral) must be met by Real Estate Agents before they can carry out their professional activities (*Law No. 39/1989*). Manufacturers, traders and brokers of precious objects are required to obtain a licence from the Chief of Police before they prior to performing their professional activities (Article 127 , *T.U.L.P.S.*).
- c) Art 56 of the AML law provides for sanctions for failure to fulfil CDD requirements, and Article 57 for failure to comply with retention obligations, Article 58 for failure to comply with STR requirements and Article 60 for failure to report to UIF.

*All DNFBPs***Criterion 28.5 –**

- a) The Special Currency Police Unit of the GdF defines the frequency and intensity of controls and inspections according to the risk profile, the nature and size of the obliged entities and the national and cross-border risks of money laundering and terrorist financing (AML Law, Art. 9(3)). Within the framework of this legal provision, the Special Currency Police Unit, in line with the strategic guidelines defined by the GdF Headquarters and with the AML/CFT risk sectors and phenomena detected in the NRA and in the ongoing investigations, carries out targeted analyses aimed at directing the inspection activities of the Units towards specific in-depth assessments of the contexts characterized by the highest and most concrete risks of vulnerability of the financial system and the non-financial sector. For PIE auditors, CONSOB carries out a risk-based supervision of its obliged entities (AML Law, Art. 7 (2)).
- b) In conducting the GdF's supervisory activities, the operational units take into account the degree of discretion allowed to obliged entities on the basis of the risk-based approach, as well as the regulatory requirement under Article 16 of the AML Law that obliged entities adopt the safeguards and implement the controls and procedures, appropriate to their nature and size, necessary to mitigate and manage the money laundering and terrorist financing risks identified according (AML Law, Art. 14).

Weighting and conclusion –

All Criteria are met. **Recommendation 28 is rated Compliant.**

Recommendation 29 – Financial Intelligence Units (FIU)

In its 2015 MER, Italy was rated LC with R.29 as the UIF did not have explicit powers to deal with suspicious reports related to predicate offences and to access law enforcement information. R.29 was re-rated to C in the 2019 FUR.

Criterion 29.1 –

Italy has established an administrative FIU within the Bol (the UIF) as the national centre for receipt (AML Law, Art. 6 (4)(a)), and analysis of financial flows relevant to ML/ TF (AML Law, Art. 6 (4) (b) and 6 (7)(a)), and for the dissemination of the results of that analysis (AML Law, Art. 40(1)(d)). These relate to criminal activity which is broadly defined as commission or involvement in the commission of an intentional crime.

Criterion 29.2 –

- a) The UIF is the central agency for the receipt of suspicious transactions reported by all obliged entities (financial intermediaries, non-financial operators and professionals). All reporting entities are under the obligation to file STRs (AML Law, Art. 35(1)).
- b) The UIF, in addition to STRs, receives directly the following reports:
 - Cross-border currency and BNI Declarations: The UIF is required to have access to declarations related to incoming/outgoing cross-border transportations of currency and BNIs amounting to EUR 10 000 or more received by Customs (EU Regulation 2018/1672, Art. 9 and LD 195/2008, Art. 5 (3-ter)).
 - Threshold Based Communication (TBC): Banks, payment institutions and electronic money institutions (including Italian branches of such intermediaries located abroad and central contact points of EU-based banks, EMIs and PIs), have to report on a monthly basis all cash transactions of EUR 10 000 or more executed during the calendar month on accounts or in

the form of occasional operations (including by way of several transactions each of which amounting to at least EUR 1 000 or more). The information provided include account on which cash transactions have been executed and identity data of the natural or legal persons who has taken part to the operation (i.e. the executor, the holders of the account on which the operation is transacted, counterparties, beneficial owners and administrators) (AML Law, Art. 47 read with Instructions on Threshold based Reporting issued by the UIF on 28 March 2019).

- **Aggregate AML Reports (SARA):** Banks, financial intermediaries and trust companies must provide monthly reports to the UIF on all incoming and outgoing transactions carried out by customers for amounts of EUR 5 000 or more (AML Law, Art. 33 read with provisions of the transmission of aggregated data issued by the UIF in August 2020).

Declarations on gold transactions: Transactions involving gold investments (other than jewellery) worth or more, or the physical transfer of gold worth or more into or out of Italy, must be declared to the UIF (Law. 7/2000, Art. 1 (2), and UIF Regulation, Art. 7(1) (b) read with Communication on 'Gold declarations 1 Aug 2014). The relevant threshold for such declarations was recently lowered (from EUR 12 500 to EUR 10 000) by LD 211/2024.

Criterion 29.3 –

- a) The UIF is legally empowered to obtain data and information from obliged entities to analyse suspicious transaction reports (AML Law, Art. 6(5)(a)).
- b) The UIF has also the legal power to access data contained in the registries of accounts, deposits, tax, real estate and business (AML Law, Art. 6 (6)) as well as open-source information and commercial databases. The UIF also has access to law enforcement information based on article 12(4) AML Law as well as MOUs between UIF and DIA (2022) and between UIF and, DNA, DIA NSPV and DPS (2023). UIF may request 'law enforcement information' from the NSPV and the DIA. The definition of "law enforcement information" makes reference to a wide set of data, as it encompasses information or data already held or accessible to them, in the prevention, detection, investigation or prosecution of offences. (LD 186/2021, Art. 7).

Criterion 29.4 –

Based on available and data obtainable to perform its functions, the UIF undertakes operational and strategic analysis based on the information received from reporting entities and the other information available to it. (AML Law, Art. 6(4) and (7)).

Criterion 29.5 –

The FIU is able to disseminate information and the results of its analysis (article 40(1)(d) AML Law) to law enforcement authorities as well as to the judicial authority on request (AML Law, Art. 12(3)) and studies carried out upon specific anomalies revealing ML/TF to relevant to these same authorities and other competent authorities (AML Law, Art. 12(5)). Dissemination, including spontaneous information to NSPV, DIA and DNA is conducted through an IT Platform (SAFE) pursuant to MOUs between UIF and DNA (2022) and between UIF and DNA, DIA, NSPV and DPS (2023).

Criterion 29.6 –

- a) The exchange of information relating to STRs between UIF, GdF, DIA, sectoral supervisory authorities and self-regulatory bodies, via electronic or telematics means, must be done in a way such to ensure confidentiality, data delivery exclusively to the parties concerned, and integrity of transmitted information (AML Law, Art. 38(6)). This is done using a portal with the following security standards: two factor authentication, encryption of the transmission channel, encryption of stored data; transmission of information to other FIUs using electronic

channels secured by the network of international communication (Egmont and FIU.net); and delivery of evidence to the judicial authorities using SAFE, the specific Portal for information exchange, as well as confidential couriers, encrypted emails, and hand delivery.

- b) Specific internal measures in Circular No. 34 of 2023: "Protection of confidentiality of information held by the UIF prescribe security clearances for UIF staff and their responsibilities in handling and disseminating sensitive and confidential information. Bol manages IT and telematics procedures used by the UIF, through which access to relevant data is only granted to the UIF staff authorised to do so.
- c) UIF's premises has heavy security and integrated security system and video surveillance system. Security checks on guests are carried out using metal detectors and X-ray equipment and employees access using their badge at a single-entry point.

Criterion 29.7 –

- a) While the UIF is established within the Bol, legislation provides that it shall be autonomous and operationally independent. The Director of UIF is independently responsible for its management and has distinct institutional functions can be removed only if he no longer meets the conditions required for the appointment or if he is responsible for serious misconduct (LD 231/2007, Art. 6, UIF Reg Art.2(3)); the UIF has broad access to information and can conduct operational and strategic analyses and disseminate them spontaneously or upon request. (AML Law, Art. 6).
- b) UIF is able enter into arrangements such as MOUs with domestic competent authorities (AML Law, Art. 12) and foreign FIUs (AML Law, Art. 13 bis (3)).
- c) The UIF is located in its own premises at Largo Bastia, where it has independent entry protocols (see c.29.6(c)).
- d) The UIF is provided with the financial means and resources suitable for ensuring the effective pursuit of its institutional purpose.

Criterion 29.8 –The Italian UIF became a member of the Egmont Group since the outset of this body in 1996. Over the years, while the Group progressively expanded its activities and grew in membership, the Italian UIF has consolidated and intensified its participation in Egmont activities, making systematic and intensive use of the ESW for the operational exchange of information and participation in working groups for developing and sharing common policies, particularly on issues concerning UIFs' cooperation. Currently, UIF is actively involved in a number of Egmont activities and plays a key role in important policy areas.

Weighting and conclusion –

Recommendation 29 is rated Compliant.

Recommendation 30 – Responsibilities of law enforcement and investigative authorities

In its 2015 MER, Italy was rated C for R.30.

Criterion 30.1 –

Italy has a broad institutional framework of police forces and prosecutors with responsibility for ensuring that ML, predicate offenses, and TF are investigated. The main police forces with responsibility for ensuring that ML, predicate offenses, and TF are properly investigated in Italy are the following:

- The *Guardia di Finanza* (GdF): The GdF is a body with military status placed under the direct authority of the Minister for the Economy and Finance. It is responsible for dealing with money

laundering, financial crime, tax evasion and avoidance and smuggling. (Law Decree No. 68 of 19 March 2001). The *Nucleo Speciale di Polizia Valutaria* (NSPV) of the GdF is specifically designated as the investigative unit primarily in charge of preventing and combating ML and TF. The NSPV receives STRs disseminated by the UIF for preliminary assessment and investigation. (AML Law, Art. 8(1)(a) and 40(1)(d)).

- The *Arma dei Carabinieri* (Carabinieri): The Carabinieri is the Italian military police corps with law enforcement duties. (Law Decree 291/2000). Its *Raggruppamento Operativo Speciale* (ROS) is the main investigative arm of the Carabinieri, which investigates organised crime and terrorism both at national and international levels. (Law Decree 324/1990 and Law 203/1991, Art. 12)
- The *Polizia di Stato* (PS): The PS is the main civil Italian police force responsible for the maintenance of public security and order. It carries out both preventive activities (patrolling, territory control) and law enforcement activities for any type of crime all over the national territory. It has a centralised structure consisting of several Central Directorates with specific sectors (common and organised crime, anti-terrorism, immigration and border security, security of means of transportation and telecommunications). (Law Decree 121/1981).
- The *Direzione Investigativa Antimafia* (DIA): The DIA, is a special inter-force investigative body entrusted with fighting organised crime. (Law 10/1991; Law 159/2011, Art 108). It is a special inter-force investigative unit with has special investigative powers to fight against organised crime and is primarily in charge of preventing and combating ML. The DIA receives STRs disseminated by the UIF for preliminary assessment and investigation. (AML Law, Art. 9(7) and 40(1)(d)).
- The Prosecutor's Office can take full responsibility of and direct any investigation in the system, including ML and TF, or initiate investigation on its own. In such cases, the Prosecutor Office may avail itself of any police (acting as Judicial Police) during the investigation stage. The National Anti-Mafia and Anti-Terrorism Directorate (DNA) has a proactive coordination function for investigations assigned to the Prosecutor. (CC, Art. 371 bis)
- At the EU level, the European Public Prosecutor's Office (EPPO) was established by Council Regulation (EU) 2017/1939. Italy participates in the EPPO and the EPPO investigates and prosecutes offences affecting the financial interests of the European Union, such as fraud (see Directive (EU) 2017/1371 for a list of offences), as well as any other criminal offence that is inextricably linked to criminal conduct that falls within the scope. EU Member States are required to criminalise the listed offences, which include money laundering involving property derived from the criminal offences listed in Directive 2017/1371.
- In addition to investigative powers that are available to EPPO prosecutors under their respective national law, certain investigative measures and other measures are available to the EPPO under article 30 (1) of Council Regulation 2017/1939, provided that the offence under investigation carries a maximum penalty of at least four years of imprisonment. These include the power to track and trace objects, search and seizure, order the production of objects, documents or computer data, freeze instrumentalities or proceeds of crime and intercept electronic communications.

Criterion 30.2 –

All the Italian police force are competent to conduct investigations for the application of criminal law including ML/TF investigations where delegated by judicial authorities in the framework of criminal proceedings. (CCP, Art. 55).

Criterion 30.3 –

All police forces in Italy are authorised to identify and trace proceeds and assets and initiate freezing of criminal property and property of corresponding value related to their investigations. The court, assisted by the public prosecutor, is the competent authority to order the seizure of the property that is, or may

become subject to, confiscation or is suspected of being proceeds of crime (CCP, Art. 321(2)) although in urgent cases, law enforcement officials can seize property without a court order (CCP, Art. 321 (3 *bis*)).

Criterion 30.4 –

National authorities that are not law enforcement authorities that have responsibility for pursuing financial investigations of predicate offences are *Agenzia delle Entrate*, which is the revenue authority (Presidential Decree 600/1973, Art. 32). The Customs and Monopolies Agency (Agenzia delle Dogane e dei Monopoli - ADM) which is the national customs administration, is able to refer the case to the judicial authorities, according to their fiscal and specific judicial police powers on the basis of art. 57 comma 3 C.P.P., to UIF or another law enforcement agency to follow up with related ML/TF investigations.

Criterion 30.5 –

There are no separate authorities designated to investigate and prosecute ML/TF offenses arising from, or related to, corruption offenses. All the police forces mentioned above have powers to investigate these offenses.

Weighting and conclusion –

Recommendation 30 is rated Compliant.

Recommendation 31 – Responsibilities of law enforcement and investigative authorities

In its 2015 MER, Italy was rated C for R.31.

Criterion 31.1 –

In Italy, the prosecutor or judicial authority have conduct of all police investigations and can authorise the law enforcement to obtain documents and information for use in investigations.

The prosecutor or judicial authority can authorise the production of records held by financial institutions, DNFBPs and other natural or legal persons, that are related to the offence necessary for ascertaining the facts of the case or on which or through which the offence has been committed as well as the things that constitute its product, its profit or its price (CCP, Art. 253). The judicial police as well as the GdF as an AML/CFT authority under Article 9 of the AML Law, can also obtain from obligated entities the information stored under the AML Law in the performance of CDD obligations. (AML Law, Art. 9(4)(a-bis)). In addition, for asset investigations, the DIA can also obtain from any public administration office, from any credit institution as well as from companies, firms and entities of any kind information and a copy of the documentation deemed useful for the purposes of investigations (AMC, Art. 19(4) AMC).

Similarly, the prosecution or judicial authority may order the search of persons and premises (CCP, Art. 247, 249, 250) and seizure of correspondence (CCP, Art. 254), IT and IT data (CCP, Art. 254 *bis*), bank documents, titles, values and amounts deposited (CCP, Art. 255). Criminal police officials on the authority of the prosecutor or judicial authority can obtain witness statements in accordance with the CCP (CCP, Art. 350 and 351).

Criterion 31.2 –

There are different mechanisms through which law enforcement authorities conducting investigations are able to use investigative techniques.

- a) Undercover operations - The law ratifying the implementation of the UNTOC empowers the judicial police of the SP, Carabinieri and the GdF to conduct undercover operations (Law 146/2006, Art. 9(1)).

- b) Intercepting communications – Criminal police officials may intercept communication including telecommunication for a list of offences, including offences punishable with imprisonment for a maximum term exceeding five years, which covers ML, associated predicate offences and TF. (CCP, Art. 266)
- c) Accessing computer systems – Criminal police officials may intercept computer or electronic systems for a list of offences, including offences punishable with imprisonment for a maximum term exceeding five years which covers ML, associated predicate offences and TF. (CCP, Art. 266 *bis*)
- d) Controlled delivery - The law ratifying the implementation of the UNTOC empowers the judicial police of the SP, Carabinieri and the GdF to conduct controlled delivery (Law 146/2006, Art. 9(6 *bis*)).

Criterion 31.3 –

Criterion 31.3 (a) –

See 31.1. In addition, information contained in the tax registry can be used for investigative purposes or in criminal proceedings and is linked to the databases of GdF and DIA for their investigations. The *archivio dei rapporti finanziari* (Bank Current Accounts Database) is an official tax database held at the *Agenzia delle Entrate* (revenue authority) where updated bank account and financial relationships held or controlled by natural or legal persons in the country, financial transactions, the customer's personal data, and tax code, is stored (article 37(4) Decree Law 223/2006). Data on financial relationships, personal data of the persons connected to the relationship with specification of the role and transactions carried out at the bank counter through bank cheques or cash during a specific month must be inserted into the database before the last day of the following month and data on relationship balances must be transmitted on an annual basis. The Italian Department of Public Security, the Carabinieri and the GdF are also parties to an MOU for the sharing of financial information and analysis on ML/TF. When carrying out anti-mafia asset investigations, the GdF or the police authorised by the prosecution or judicial authority, may request from any credit institution, companies and institutions, information and relating to account holdings and memberships. (article 19 AMC)

Criterion 31.3 (b) –

All investigations carried out by the public prosecutor and the criminal police are covered by secrecy until the accused is entitled to have knowledge of them. The general legal framework allows the public prosecutor to impose the obligation of secrecy in respect of individual acts or specific news related to operations, where knowledge of the act may hinder operations (CCP, Art. 329). Additionally, GdF has specific powers under various Legislative Decrees to access financial reports without identifying the account holder for financial investigations into tax offences, anti-mafia investigations, AML investigations and counter terrorism investigations (LD 600/1973, LD 149/2011, LD 231/2007, LD 109/2007).

Criterion 31.4 –

All the competent authorities investigating ML, associated predicate offenses, and TF are able to ask for all relevant information held by the UIF. The GdF and DIA receive information directly from UIF (AML Law, Art. 9(4)(b), 12(4) and 40 (2)), and all other police forces may obtain information from the UIF with a court order (CCP, Art. 256). Information is also regularly provided by UIF upon request by prosecutors who have conduct over criminal investigations (AML Law, Art. 12 (3), (8)).

Weighting and conclusion –

Recommendation 31 is rated Compliant.

Recommendation 32 – Cash couriers

In its 2015 MER, Italy was LC with R.32 based on the lack of dissuasive administrative sanctions.

Criterion 32.1 –

Article 3 of EU Regulation 2018/1672 (EU Regulation 1672) requires natural persons entering or leaving the EU to declare accompanied cash (defined, inter alia, to include any currency and bearer negotiable instruments (BNIs), to the value of EUR 10 000 or more. This applies if the cash is on the traveller's person, in their luggage or in their means of transport. Article 4 of the Regulation provides that where unaccompanied cash (including by post, courier, unaccompanied luggage or containerised cargo) of EUR 10 000 or more is entering or leaving the Union, the competent authorities (defined as customs and any other authorised authorities) may require the sender or recipient (or an authorised representative) to make a disclosure declaration within a deadline of 30 days.

At the national level, the ADM has a declaration system for incoming and outgoing cross-border transportation, including through mail and cargo, of cash and BNIs amounting to EUR 10 000 or more (LD 195/2008, Art. 3).

Criterion 32.2 –

Article 3 of the EU Regulation 2018/1672 requires a written declaration for all travellers carrying cash to the value of EUR 10 000 or more, using a template declaration form as laid out in Commission Implementing Regulation (EU) 2021/776, Art 3 also states that "The obligation to declare cash shall not be deemed to be fulfilled if the information provided is incorrect or incomplete or if the cash is not made available for control" i.e. an obligation that the declaration is truthful.

The declaration is submitted to ADM (i.e., option (b)). (EU Regulation 2018,1672, Art. 2 – 4 and LD 195/2008, Art. 3).

Criterion 32.3 –

For unaccompanied cash, article 4 of EU Regulation 2018/1672 provides that "The obligation to disclose unaccompanied cash shall not be deemed to be fulfilled where the declaration is not made before the deadline expires, the information provided is incorrect or incomplete, or the cash is not made available for control" i.e. to provide authorities with appropriate and truthful information upon request. This is implemented in Italy by article 3(1) LD 195/2008.

Criterion 32.4 –

See c.32.2 and 32.3 above. The ADM and GdF are authorised to investigate false declaration or failure to declare cash or BNIs as required, and to request and obtain further information (LD 195/2008, Art. 4).

Criterion 32.5 –

Article 14 of the EU Regulation 2018/1672 requires member states to introduce effective, proportionate and dissuasive penalties for cases where there has been a failure to comply with the declaration or disclosure requirements. Thus, each member state determines the amount and nature of any sanctions and should do so in line with article 14.

Italy has proportionate and dissuasive administrative sanctions in case of failure to produce the declaration or in case of incorrect, incomplete or false information. Persons who make a false declaration are subject to a minimum administrative sanction of EUR500; or a fine of 15–25% of undeclared amount where the value does not exceed EUR 10 000; 25–35% of amount where the value exceeds EUR 30 000; 50 -70% of amount where the value exceeds EUR 30 000 and not exceed EUR 100 000; 70-100% of amount where the

value exceeds EUR 100 000. (LD 195/2008, Art. 9). 30% to 50% of the undeclared cash can also be seized (LD 195/2008, Art. 6).

Criterion 32.6 –

Article 9 of EU Regulation 2018/1672 requires that the competent authorities shall record the declaration and disclosure information and make it available to the FIU of the Member State where the information was obtained as soon as possible, and in any event within 15 days. Information is transmitted through the “Custom Information System – CIS”, a database directly accessible by the FIU, in accordance with article 5 of Implementing Regulation 2021/776. The FIU is also required to share the information with relevant FIUs from other EU member states in accordance with Article 53(1) of Directive (EU) 2015/849. All EU member state FIUs are connected to CIS. This is implemented in Italy by article 5(3-ter) LD 195/2008 as amended by LD 211/2024).

The ADM and the UIF concluded an MOU (updated in 2021) permitting the UIF to have access to the Customs database, including to intra-EU declarations. When in the course of their investigations facts and situations related to ML/TF emerge, The ADM and GdF are also required to notify the UIF with information concerning cash transportation lower than the threshold, together with data on the individual’s identification and the means of transport used (article 4(7) LD 195/2008 as amended by LD 211/2024).

Criterion 32.7 –

Notwithstanding the requirement assessed in c.32.6, there are no EU requirements ensuring adequate coordination between relevant authorities at a national level on the implementation of R.32.

Aside from co-ordination with the UIF (see c.32.6), *ADM and GdF* concluded an MOU for coordination relating to cross-border cash movements (article 9 MOU on Cooperation between ADM *Agenzia della Dogane e Monopoli* and GdF).

Criterion 32.8 –

Article 7 of EU Regulation. 2018/1672, which has to be implemented under national law, allows competent authorities to temporarily detain cash when the obligation to declare or disclose cash has not been fulfilled or when there are indications that the cash (irrespective of the amount) is related to criminal activity. The initial detention period is limited to 30 days, but this can be extended by competent authorities to 90 days in appropriate cases, where this is necessary and proportionate. Italy has implemented the EU Regulation (article 3**bis** LD 195/2008).

Italy has established procedures for ADM or the GdF to seize cash or BNIs where there is a suspicion of ML/TF or predicate offense; or where there is a false declaration of false disclosure (the prescribed amount for seizure is 30% of up to EUR10 000 of the undeclared amount and 50% of the excess of that) (article 6 LD 195/2008), or where the cash or BNIs are suspected to be linked to ML/TF or any predicate offence (article 321 CCP).

Criterion 32.9 –

Article 10 of EU Regulation 2018/1672 requires exchange of declaration/disclosure information with competent authorities in other EU member states, and article 11 allows such exchange of such information through MLA with authorities in third countries (subject to conditions). article 9(2) also requires exchange of such information with relevant FIUs in other EU member state. Under article 13 all declaration/disclosure information (which includes information on the currency/BNI, and the identification data of the traveller/carrier) is to be retained for five years and may be further retained for an additional period of up to three years in specific circumstances.

ADM and the GdF can exchange information regarding cash declarations, declarations compiled in cases of unfulfilled obligations and information on sub-threshold amounts suspected to be related to criminal

activity via the Anti-Fraud Information System (AFIS) portal. This information should be transmitted as soon as possible and, in any event, no later than 15 working days after the date on which that information was obtained. (EU Reg. 2018/1672, Art. 10). The ADM and GdF are able to exchange the above information with third countries under the framework of mutual administrative assistance (LD 195/2008, Art. 5(3)).

Criterion 32.10 –

Article 13 and recital 33 require that the use of personal data shall be carried out in accordance with EU law, and compatible with the purposes of Regulation 2018/1672. Any collection, disclosure, transmission, communication and other processing of personal data is also subject to the requirements of Regulations (EC) No 45/2001 and (EU) 2016/679 of the European Parliament and of the Council. Article 11 requires that any transmission of cash information to a third country is subject to the written authorisation of the competent authority which originally obtained the information and must also comply with national and EU law on the transfer of personal data to third countries.

All EU member states are part of an internal market, an area without internal frontiers in which the free movement of goods, persons, services, and capital is ensured (TFEU, Art. 26 (2) and Preamble of EU Regulation 1889/2005).

Criterion 32.11 –

In the event of confirmed suspicion of ML/TF activity, individuals who are carrying out a physical cross-border transportation of currency or BNI are subject to criminal sanctions (see description of sanctions under Recommendations 3 and 5). Italy may seize cash or equivalent means of payment when there is suspicion of ML or TF and ultimately confiscate the cash if a criminal conviction is achieved (see. R.4).

Weighting and conclusion –

Recommendation 32 is rated Compliant.

Recommendation 33 – Statistics

Criterion 33.1 –

Italy maintains comprehensive statistics on matters relevant to the effectiveness and efficiency of its AML/CFT system.

- a) STRs and other information received, analysed, and disseminated: the UIF maintains a wide range of statistics including detailed breakdowns, number of STRs and related follow-up, data on the number of international requests for information made, received and refused by the FIU and those processed, in part or in full, broken down by the counterparty country.
- b) ML/TF investigations, prosecutions and convictions: data on prosecutions and convictions are maintained by the MoJ and processed by ISTAT. The DIA, GdF, and customs maintain statistics about their investigations.
- c) Property frozen, seized, and confiscated.
- d) MLA or other international requests for cooperation made and received: the MoJ maintains statistics on mutual legal assistance and extradition related to AML/CFT through an expert data processing IT system, which allows the number of procedures to be extrapolated, distinguishing according to the type of request, the type of crime and the country concerned. The DNA provided statistics on MLA relating to organised crime cases, and the UIF maintains comprehensive statistics on AML/CFT related administrative cooperation requests.

Weighting and conclusion –

Recommendation 33 is rated Compliant.

Recommendation 34 – Guidance and feedback

In its 2015 MER, Italy was rated LC with R.34, as there was a need for more guidance to DNFBPs from the UIF on STRs and from the Bol on ML/TF risk.

Criterion 34.1 –

At the National Level, the Ministry of Economy and Finance (“MEF”) publishes FAQs and updates on a regular basis on its websites to provide feedback to obliged entities.

Fls

The sectoral regulators have developed their own mechanisms for providing feedback. The Bol issues regulatory acts that provide guidance in key areas (organisation, procedures, and internal controls for AML purposes; customer due diligence; record keeping and disclosure of documents, data and information; AML administrative sanctions procedure). Further, it replies to legal queries from financial institutions as well as publishes explanatory documents, issues supervisory guidelines, issues ad hoc communications on specific issues to set supervisory expectations and best practices, organises/participates in workshops and training sessions to both provide clarifications on new rules and guidance and acquire the stakeholders’ point of view. In addition, it organises regular meetings with financial institutions (to receive updates on their AML control framework, discuss the main outcomes of the annual risk assessment, set supervisory expectations aimed at addressing weaknesses or areas of improvements highlighted by the annual assessment, and also discuss horizontally supervisory topics and emerging risks) as well as it shares with financial institutions the outcomes of on-site inspections after their closing.

The IVASS also issues guidelines and participates in workshops and training sessions to provide feedback to its obliged entities.

Similarly, the CONSOB has issued regulations on AML/CFT obligations, clarifies the criteria for ML self-assessment, and sends a letter to all new obliged entities providing guidelines on compliance with their AML obligations. CONSOB also conducts training activities and provides feedback in the context of its on- and off-site supervisory activity. For PIE auditors, CONSOB arranges focused meetings concerning AML/CFT compliance.

DNFBPs

Relevant Self-Regulatory Bodies, in consultation with the Ministry of Economy and Finance (Financial Security Committee/FSC), adopted updated guidelines aimed at helping DNFBPs in the implementation of the AML/CFT requirements in line with the legislative framework. The National Council of Notaries, the National Council of Lawyers, the National Council of Accountants, the National Council of Labor Consultants have issued rules on anti-money laundering. Similarly, for the gaming sector, the Customs agency has released guidelines in support of gambling licensees on anti-money laundering and risk mitigation.

In addition to these measures, there are the training activities and feedback provided by the GdF when conducting on-site inspections of DNFBPs.

UIF

The UIF has constantly supported reporting entities and the improvement of STRs quality, through a wide range of instruments (Instructions on the content of STRs, indicators of anomalies, pattern of anomalous conducts, typologies and sanitized cases, communications, and feedback). According to Art. 41 (2) of the AML Law the UIF periodically communicates to REs the outcomes of the risk evaluations conducted on the

STRs transmitted, including the investigative outcomes of STRs on the basis of the information received from DIA and the GdF-NSPV.

Weighting and conclusion –

Guidance is provided by MEF, Bol, IVASS and CONSOB to entities supervised by them. The Bol and IVASS have mechanisms to provide feedback to supervised entities. SRB have issued guidance to Notaries, Lawyers and Accountants, while the Customs agency has issued guidance for casinos, but there are no mechanisms in place to provide feedback to these entities. Further, lesser guidance and feedback is provided to other DNFBPs such as real estate agents and DPMS, The UIF provides guidance and feedback on detecting and reporting STRs. **Recommendation 34 is rated Largely Compliant.**

Recommendation 35 – Sanctions

In its 2015 MER, Italy was rated PC with R.35. The deficiencies included a low level of monetary sanctions, including monetary sanctions available to supervisors, the Bol's inability to apply administrative sanctions on natural persons and the Bol's inability to remove directors and management.

Criterion 35.1 –

Title V of the AML Law sets up a system of penalties and sanctions for failure to comply with the AML/CFT requirements. It establishes criminal sanctions under Chapter I, and administrative sanctions under Chapter II.

The following criminal sanctions are applicable to all FIs and DNFBPs

Type of violation	Article providing the sanction	Applicable sanction
Falsification of CDD information/ use of false CDD information	Art. 55.1	Imprisonment 6 months to 3 years and fine EUR 10 000 to EUR 30 000
Acquisition or retention of false data or untruthful information	Art. 55.2	Imprisonment 6 months to 3 years and fine EUR 10 000 to EUR 30 000
Provision of false and/or untruthful information	Art. 55.3	Imprisonment 6 months to 3 years and fine EUR 10 000 to EUR 30 000
Breach of the prohibition of disclosure	Art. 55.4	Imprisonment 6 months to 1 years and fine EUR 5 000 to 30 000

The following administrative sanctions are applicable to all FIs and DNFBPs:

Type of violation	Article providing the sanction	Applicable sanction
Failure during due diligence, to obtain and verify identification data- basic violation, retention obligations.	Art. 56.1	Administrative fine of EUR 2 000
Serious, repeated or systematic or multiple breaches of customer due diligence obligations or retention obligations.	Art 56.2	Administrative fine ranging from EUR 2 500 to EUR 50 000
Failure to comply with record keeping obligations - basic violations	Art. 57.1	Administrative fine of EUR 2 000
Failure to comply with record keeping obligations - serious, repeated or systematic or multiple violations	Art 57.2	Administrative fine ranging from EUR 2 500 to EUR 50 000
Failure to comply with STR reporting obligations - less serious cases	Art. 58.1 (for FIs and DNFBPs) and Art. 58.3 (for all staff, including directors and senior management)	Administrative fine of EUR 3 000
Failure to comply with STR reporting obligations - serious, repeated, systemic or	Art. 58.2 (for FIs and DNFBPs) and Art. 58.3 (for all staff,	Administrative fine ranging from EUR 30 000 to EUR 300 000

multiple obligations	including directors and senior management)	
Serious, repeated or systematic or multiple infringements of STR reporting obligations producing economic benefit.	Art 58.4	Administrative fine equal to double the amount of the economic advantage gained, where determined, however not less than EUR 450 000 euro or up to EUR 1 million in the case of an advantage not determined or determinable.
Violations on cash limits (established by Art. 49) perpetrated by any natural or legal person	Art. 63	Administrative sanction ranging from EUR 3 000 to EUR 50 000
Opening an account anonymously or in a fictitious name	Art. 63	Administrative fine of 20% - 40% of the balance

Pursuant to article 65 of AML LAW, the aforementioned administrative sanctions are imposed by the MEF.

Article 62 of the AML Law provides for a supplementary regime for banking and financial institutions and public interest entities (PIE) auditors.

Type of violation	Article providing the sanction	Applicable sanction
Serious, repeated, systematic, or multiple violations of CDD, STRs, record-keeping, and internal controls and procedures obligations (and also of breaches of the secondary regulation implementing these provisions) Case of non-compliance with the order aiming to remedy the violations committed and refrain from repeating them	Art. 62 (1)	Bol and IVASS (within their respective competencies) can apply a pecuniary administrative sanction ranging from EUR 30 000 to EUR 5 000 000 or equal to 10% of the total annual turnover when such percentage is greater than EUR 5 000 000 and the turnover is available and determinable.
When the above violations are characterized by a low level of offense or danger.	Art. 62 (4)	As an alternative to the pecuniary administrative sanction, the Bol and IVASS may a) impose the sanction aiming to remedy the violations committed and refrain from repeating them (cease and desist order), including indicating the measures to be taken and related implementation timing; b) whereby the violation is terminated, apply the sanction consisting in a public statement concerning the breach committed and the responsible party.
Non-compliance with: i) Transfer of Funds Regulation; ii) regulatory technical standards issued by the European Commission on the additional measures to effectively handle the risk of ML/TF in case of branches located in a third country whose law does not permit the implementation of the policies and procedures required by the EU rules; iii) regulatory technical standards issued by the European Commission on the criteria for the appointment of a central contact point for electronic money and payment service providers which are established in other Member states in forms other than a branch	Art 62 (7)	As an alternative to the pecuniary administrative sanction, the Bol may a) impose the sanction aiming to remedy the violations committed and refrain from repeating them (cease and desist order), including indicating the measures to be taken and related implementation timing; b) whereby the violation is terminated, apply the sanction consisting in a public statement concerning the breach committed and the responsible party.
Public interest entities (PIE) auditors responsible for serious, repeated, systematic, or multiple violations of CDD, STRs, record-keeping, and internal controls and procedures obligations (and also of breaches of the secondary regulation implementing these provisions)	Art. 62 (5) and (8)	CONSOB can apply pecuniary administrative sanctions ranging from EUR 3 000 to 1 000 000. The CONSOB informs the MEF of the sanctions applied to PIE auditors for their suspension or removal from the register (held by the MEF).

The following administrative sanctions apply to all FIs and DNFBPs for non-compliance with the TFS requirements in LD 109/2007. In the event the violations are criminal, criminal penalties for TF would be pursued.

Type of violation	Article providing the sanction	Applicable sanction
Non-compliance obligations on freezing of funds and economic resources, prohibition on making funds available to designated persons	Art. 13 (1)	Administrative fine of EUR 5 000 to EUR 500 000
Non-compliance with Article 7	Art. 13 (2)	Administrative fine of EUR 500 to EUR 25 000
Failure to comply with the notification requirements to the FIU or breaches of EU Regulations on TFS	Art. 13 (3)	Administrative fine of EUR 500 to EUR 25 000

Criterion 35.2 –

According to Article 62 (2), Bol and IVASS can apply a fine ranging between EUR 10 000 and EUR 5 000 000 to persons in charge of administration, management and control over the banking and financial intermediary that, failing to fulfil all or part of the tasks directly or indirectly related to their functions or assignments, aided, facilitated or otherwise made possible the violation of the CDD, STRs, record-keeping and internal controls and procedures obligations, or that significantly impacted on the intermediary's exposure to ML/TF risk. If the benefit obtained by the perpetrator of the violations exceeds EUR 5 000 000, the pecuniary administrative sanction shall be up to twice the amount of the benefit obtained, provided that such amount is determined or determinable.

Taking into account the gravity of the infringement, Bol and IVASS can interdict the same persons from administration, direction or control functions for a period ranging from 6 months to 3 years (temporary ban) (Art. 62 (3)). The MEF is competent to issue pecuniary administrative sanctions for failure to comply with the suspicious transaction reporting obligation imposed on staff and persons in charge of administrative, management, and control functions over banking and financial intermediaries. As outlined under R.28.4, in cases of serious, repeated, systematic or multiple breaches of the AML legislative provisions and regulations, administrative pecuniary sanctions shall be applied by the CONSOB not only to PIE auditors, but also to the members of their corporate body or control functions who are held responsible for the breach (AML Law, Art. 62 (5-8)). Depending on the seriousness of the violations, these members may be prohibited by the CONSOB from performing their functions for a period ranging from 6 months to 3 years. Sanctions are applied directly by the CONSOB (Art. 62 (8)), except for cases of sanctions against members of corporate bodies or directors whose conduct has facilitated or made it possible to commit a breach on STR (Art. 62 (9)), that are applied by the MEF.

Weighting and conclusion –

Recommendation 35 is rated Compliant.

Recommendation 36 – International instruments⁵⁰

In its 2015 MER, Italy was rated C with R.36

Criterion 36.1 –

Italy is party to all four conventions listed in the standard. In addition to those already ratified at the time of the previous assessment, it ratified the Palermo Convention by Law No. 146 of 16 March 2006 and the Merida Convention by Law No. 116 of 3 August 2009. Italy also ratified the 1999 Strasbourg Convention by Law No. 110 of 28 June 2012.

⁵⁰ The UNCAC Implementation Review Mechanism (IRM), for which the UNODC serves as secretariat, is responsible for assessing the implementation of the UNCAC. The FATF assesses compliance with FATF Recommendation 36 which, in relation to the UNCAC, has a narrower scope and focus. In some cases, the findings may differ due to differences in the FATF and the IRM's respective methodologies, objectives and scope of the standards.

Criterion 36.2 –

Italy took legislative measures to implement the relevant provisions of the conventions, including the Merida convention, notably by:

- Extending the scope of application of article 322 bis of Italy's CC to include: embezzlement, bribery, corruption, and incitement to bribery of members of the European Communities bodies and of officials of the European Communities and of foreign states;
- Extending the legal responsibility of entities to include the incitement aimed at not making statements or making false statements to relevant Court (LD n. 231/2001, Art. 25 *novies*);
- Introducing new rules for the allocation to a foreign state of items seized (CCP, Art. 740 *bis* and 740 *ter*); and
- Identifying the National Anti-Corruption Authority (*Autorità Nazionale Anti Corruzione*—ANAC) as the authority responsible at the national level for monitoring, preventing, and countering corruption and illegality in the Public Administration (law No. 190 of 2012, in implementation of articles 6 of the Merida Convention as well as 20 and 21 of the 1999 Strasbourg Convention).

Weighting and conclusion –

Recommendation 36 is rated Compliant.

Recommendation 37 – Mutual legal assistance

In its 2015 MER, Italy was rated LC with R.37 based on the lack of case management in place.

Criterion 37.1 –

The Italian authorities have a legal basis that allows the provision of the widest possible range of MLA in relation to investigations, prosecutions and related proceedings involving ML, associated predicate offenses and TF investigations, prosecutions and related proceedings for European Investigation Orders (EIOs) issued by other EU Member States. (LD 108/2017). The LD 108/2017 prescribes that recognition and enforcement of EIOs be carried out as soon as possible and within 60 days for recognition and 90 days for the execution of EIOs (LD 108/2017, Art. 4).

For requests from non-EU countries, the legal basis that allows its authorities to rapidly provide a wide range of mutual legal assistance in relation to ML, associated predicate offenses and TF investigations, prosecutions and related proceedings is based on multilateral and bilateral treaties concluded with countries (article 696(2) CCP). In the absence of a treaty, the Italian authorities are also able to apply all domestic powers under the CCP to provide mutual legal assistance for ML, associated predicate offenses and TF (CCP, Art. 696(3)). However, there are no prescribed timelines for the assistance to be provided rapidly.

Criterion 37.2 –

For EIOs, requests from EU Member States go directly to the competent local Prosecutor's Offices for evidence gathering. These offices can be identified through the European Judicial Network (EJN) website, which also provides information on national regulations and the judicial offices responsible for handling EIOs. The EIO must be recognised within 30 days and not more than 60 days, and execution shall take place within the following 90 days (article 4 LD 108/2017).

Unless stated otherwise in the respective treaty, for requests from non-EU countries, the Ministry of Justice is the Central Authority that receives and evaluates the international letters rogatory (CCP, Art. 723) before forwarding them to the appropriate district prosecutor's office which will then liaise with the appropriate

Court of Appeal and without delay with the National Anti-Mafia Prosecutor (CCP, Art. 724(2)). No timeframe is provided for this in the CCP or written guidelines. Direct transmission to the national Prosecutor's Office is possible if provided by international agreements, with a copy of the request still sent to the Ministry of Justice.

In general, monitoring is carried out only at the level of individual judicial offices which record both requests for judicial assistance from and to foreign countries and the related execution time frame. For case monitoring and statistical purposes, all requests for judicial assistance, are logged in a special application (AGI) and where requests are sent directly to the district prosecutor's office (such as EIOs), a copy must be transmitted to the Ministry of Justice (LD 108/2017, Art. 4(1)). For offences listed in article 51(3-bis) and (3-quer) CCP, the DNA Prosecutor must also be notified for coordination. The Central Authority has a case management system ('Calliope' – see IO.2) that can be used to follow up on incoming requests. However, the follow-up processes involved, which is required for a clear process for the timely prioritisation and execution of mutual legal assistance requests received, is unclear.

Criterion 37.3 –

For EIO requests, assistance is not prohibited or made subject to unreasonable or unduly restrictive conditions (article 9 LD 108/2017) and in case of potential grounds for refusal, the internal judicial authority must promptly inform the requesting authority to attempt to resolve the issue (LD 108/2017, Art. 6(2)).

For non-EIO requests, under the CCP, the Minister of Justice may refuse requests if they involve actions banned the law or do not adhere to the principles of the Italian legal system, the criminal act is not an offence by Italian law or where there are prejudices on account of race, religion, sex, nationality, language, political opinions or personal or social conditions that have affected the development or outcome of the trial (CCP, Art. 724(7)).

Criterion 37.4 –

The CCP and LD 108/2017 set the grounds for refusal of a request for MLA in the absence of bilateral or multilateral agreement, and do not include references to tax offenses or FIs and DNFBPs secrecy or confidentiality requirements: MLA may, therefore, be granted despite the fact that an offense is also considered to involve fiscal matters, and confidentiality requirements do not constitute an obstacle to MLA.

Criterion 37.5 –

Professional secrecy (*segreto d'ufficio*) for the maintenance of confidentiality applies to all public functions including enforcement of MLA requests, the violation of which is punishable by imprisonment.

Criterion 37.6 –

For EIO requests, refusal on grounds of dual criminality does not apply when carrying out investigative measures that do not affect personal freedom (LD 108/2017, Art. 9(5)(d)). In addition, refusal on grounds of dual criminality does not apply for certain serious offences including those punishable by at least three years in the requesting State (LD 108/2017, Art. 11).

For non-EIO requests, dual criminality is required regardless of the type of assistance requested and the only exception that applies is where the accused has freely expressed his consent to the request (CCP, Art. 724 (7)(b)).

Criterion 37.7 –

According to jurisprudence, in order to satisfy the dual criminality condition, it is not necessary that the exact correspondence between the legal classification of the offence or the legal terminologies used be the same in both countries—it is sufficient that the activities that gave rise to the request are punishable with criminal penalties in both countries. (Supreme Court case law Court of Cassation Chamber 6 no. 346 of 27/10/2022).

Criterion 37.8 –

The powers under the CCP may be used in response to an MLA request. Specific procedures may also be requested by the foreign judicial authority and executed by Italian authorities provided that they do not conflict with the principles of the Italian legal system (CCP, Art. 725). In addition, for EIO requests, if a requested act is not recognised by Italian law or cannot be executed, the Public Prosecutor must still carry out alternative acts that effectively achieve the same objective after notifying the issuing authority, even if the original act is deemed disproportionate (LD 108/2017, Art. 9).

Weighting and conclusion –

Although there are processes for dealing with EIOs and mutual legal assistance requests that are made to Italy, the Central Authority does not have clear processes for the timely prioritisation and execution of mutual legal assistance requests received. For non-EIO requests, dual criminality is required regardless of the type of assistance requested unless the accused has freely expressed his consent to the request.

Recommendation 37 is rated Largely Compliant.

Recommendation 38 – Mutual legal assistance: freezing and confiscation

In its 2015 MER, Italy was rated LC with R.38 based on the lack of arrangements for coordinating seizure and confiscation actions with other countries.

Criterion 38.1 –

EU Regulation 2018/1805 of the European Parliament and of the Council of 14 November 2018 on the mutual recognition of freezing orders and confiscation orders and provides for the mutual recognition, between EU member states, of freezing and confiscation orders resulting from proceedings in relation to a criminal offence. It includes freezing and confiscation orders that apply to property that is held in the name of or owned by non-bona fide third parties. EU Regulation 2018/1805 does not provide for the recognition of requests for investigative measures or non-criminal seizure of assets. Whether “freezing” also extends to cover situations in which competent authorities take physical control of an asset is an issue to be determined by the law of the member state. For orders that concern criminal offences with a maximum penalty of at least 3 years imprisonment, and which are also listed in Article 3 of the Regulation (which mirrors the offences set out in the FATF definition of “designated categories of offences”), the order should be executed without verifying dual criminality. Otherwise, the member state can verify that dual criminality exists. Recognition and execution of freezing and confiscation orders must occur without delay.

For requests from non-EU countries and situations where the EU Regulation 2018/1805 does not apply, the legal basis that allows its authorities to rapidly provide a wide range of mutual legal assistance in relation to ML, associated predicate offenses and TF investigations, prosecutions and related proceedings is based on multilateral and bilateral treaties concluded with countries (CCP, Art. 696(2)). In the absence of a treaty, the Italian authorities are also able to apply all domestic powers under the CCP to provide mutual legal assistance to identify, trace, evaluate, investigate, freeze, seize and confiscate criminal property (CCP, Art. 696(3).) However, the legislation does not cover property of corresponding value in all cases (see c.4.2(a)).

Criterion 38.2 –

EU Regulation 2018/1805 provides for the recognition and enforcement of freezing and confiscation orders that have been issued within the framework of proceedings in criminal matters. Requests for the recognition of freezing orders can be issued by a judge, a court, a public prosecutor or another competent authority (provided this is validated by a court/public prosecutor), for confiscation orders requests can be issued by an authority which is designated as such by the issuing State and which is competent in criminal matters to execute a confiscation order issued by a court in accordance with national law. The term

"proceedings in criminal matters is not defined in Regulation 2018/1805, but the preamble does state that it extends to" other types of orders issued without a final conviction". The Regulation covers orders issued without a final conviction in the framework of proceedings in criminal matters. It does not cover orders that have been made in the context of civil or administrative proceedings. Legislative decree Nos 203 of 2023 aligns the Italian legal system with the EU Regulation 2018/1805.

In relation to countries that are not covered by Regulation 2018/1805, Italy applies the cooperation under the CCP which allows Italy to recognise and enforce foreign criminal judgements if there is an international agreement (CCP, Art. 731) including confiscation adopted by foreign judicial authorities by a decision other than a judgment of conviction (CCP, Art. 731 (*1bis*)). The court with competence for the recognition of the foreign judgment may order the seizure of the objects to be confiscated (CCP, Art. 737).

Criterion 38.3 –

Under EU Regulations 2018/1805, as noted above, it is mandatory to recognise and enforce the freezing or confiscation order of another EU member state, unless the executing authority invokes one of the grounds for non-recognition and non-execution. This means that there is *de facto* reliance on the findings of fact in the foreign order.

In relation to countries that are not covered by Regulation 2018/1805, the procedures under the CCP relating to recognition of a foreign criminal judgement do not require investigations to be conducted on the facts relied upon in the foreign judgement. (CCP, Art. 733).

Criterion 38.4 –

Under EU Regulation 2018/1805 confiscation orders are only issued by a court. Freezing orders may be issued by an issuing authority, which can be a prosecutor, judge, court or another designated competent authority, such as a law enforcement authority. In the latter case the order must be validated by a court, judge or public prosecutor before making a request for recognition and execution, which implies that another authority (prosecutor, judge or court) must have the power to validate the freezing order issued by an authority that is not a prosecutor, judge or court. Legislative decree Nos 203 of 2023 aligns the Italian legal system with the EU Regulation 2018/1805.

In relation to countries that are not covered by Regulation 2018/1805, Italy is able to issue freezing, seizing and confiscation orders, including for assets located abroad (CCP Art 321-323 read with Art 737-742).

Criterion 38.5 –

Article 28 of the EU Regulation 2018/1805 states that the management of frozen or confiscated property is to be governed by the laws of the requested country, and this includes the power to sell or transfer such property. Article 28 also states that the executing state shall manage the property with a view to preventing its depreciation in value and shall have the power to transfer or sell frozen property. Article 29 sets out how frozen property is to be restituted to victims, while article 30 sets out how confiscated property is to be restituted to or used to compensate victims and also how such property is to be otherwise dealt with.

The ANBSC is responsible for managing assets based on domestic judicial orders as well as foreign asset recovery orders including in relation to countries that are not covered by Regulation 2018/1805 (established by Legislative Decree 159/2011 and strengthened by subsequent amendments (Laws 161/2017 and 132/2018).

For assets subject to foreign court orders, Article 104-bis of the implementing rules of the CCP creates a parallel system whereby the Court of Appeal appoints specialised judicial administrators Who operate under detailed regulatory guidelines to manage, preserve, and dispose assets at all stages of the cross-border recovery process, all in accordance with R.4, including restitution and allocation of confiscated assets in international cooperation contexts (Article 740-bis and 740-ter CCP)

Criterion 38.6 –

Criterion 38.6 (a) –

Article 25 of EU Regulation 2018/1805 and several other provisions refer to communications between the requesting and requested countries. Communication is to be between the issuing and executing authorities, also with the involvement of a central authority where appropriate. Indeed, nearly every provision of the Regulation contains a clause on communication, such as who shall inform whom of action taken or not taken, what needs to happen when an issue is encountered etc. Article 25 therefore basically only adds additional communication obligations to what the Regulation already provides for in each specific Article. The Regulation does not create communication mechanisms or measures (any form of communication capable of producing a written record is, in principle, acceptable), but does state that communication should occur where necessary. The Regulation does not refer specifically to communication before a formal request is made, or to cases involving a follow up request to an initial request that is not connected to the recognition or execution of that specific request. No further information has been provided on measures to enable informal communication with other countries in asset recovery cases, including facilitating assistance before a request is made and updating countries, as appropriate, on the status of their requests.

Outside the EU, Italy uses several international platforms for informal communication to facilitate requests before a request is made (see R.40).

Criterion 38.6 (b) –

Article 7(1) and 18(1) of the EU Regulation 2018/1805 provide that freezing and confiscation orders shall be recognised and all necessary measures taken for their execution in the same way as for domestic orders. There is no explicit provision providing for further related assistance on an initial request, without requiring a supplemental request, but the EC considers that therefore, where the execution of a request requires further measures to be taken which would also be taken to execute domestic orders, no additional request for assistance is required for those measures. Italian legislation (LD 108/2017) implementing this allows judicial authorities to expand the scope of an investigation based on information discovered during the execution of the EIO.

For both requests from EC countries and other foreign requests, Italy's legislation does not require make a supplementary request the requesting country to be able to provide further related assistance on an initial request.

Criterion 38.7 –

Criterion 38.7(a) –

Article 30 of EU Regulation 2018/1805 sets out how confiscated property should be dealt with. Unless there is victim/restitution or compensation, or there is a different agreement between the countries, then, where property other than money is concerned, the rules of paragraph 6 of Article 30 apply. Where money is obtained as the result of the execution of a confiscation order, paragraph 7 of Article 30 provides, which provides that where money is concerned: (a) in cases of EUR 10 000 or less, the property accrues to the requested state, and (b) if above EUR 10 000 then it is divided 50% to each state. There is no specific mention of cases involving coordinated LEA action.

Outside the EU, in cases provided for by international agreements in force in Italy, objects confiscated with a final judgment, or another final decision shall be devolved to the requesting state where the judgment has been delivered or where the decision of confiscation has been adopted, where the requesting state has expressly required the devolution of confiscated objects. (CCP, Art. 740 *bis*).

Italy has concluded several bilateral agreements with key partner countries containing specific asset-sharing provisions. Italy's legal framework also enables flexible property sharing arrangements with foreign jurisdictions outside the EU (CCP, Art. 740 bis).

Criterion 38.7(b) –

As regards sharing of costs., Article 31 EU regulation 2018/1805 provides for sharing arrangements in cases involving substantial costs. Cost sharing agreements are, however, not part of the mechanism for the disposal of confiscated assets unless, where in accordance with paragraph 7, Member States decide to reach a different agreement to the rules set out in that paragraph and agree to also cover the sharing of costs in that agreement. In principle, cost sharing is a separate matter under the Regulation.

Generally, Italy bears the costs of executing requests although extraordinary expenses may be shared or allocated to the requesting state. In such cases there is a framework for advance consultation between competent authorities on anticipated expenses for complex asset recovery operations, including the possibility for deferred payment agreements, cost-sharing formulas, and advance deposits. (LD 108/2017)

Criterion 38.8 –

EU Regulation 2018/1805 applies to all Member States except Denmark and Ireland. All Member States except Czechia, Finland, Ireland, and Luxembourg have signed and ratified the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS No. 198). Asset recovery obligations under the UN treaties such as the UN Convention against Illicit Traffic in Narcotic Drugs, UN Convention against Transnational Organised Crime and UN Convention against Corruption also apply to Italy as a Member State of these conventions.

In addition, Italy also has bilateral treaties for co-operation on asset recovery with a broad range of non-EU Member States. Certain practices have been developed, particularly with Switzerland, based on Article 15 of the Convention on Laundering, Search, Seizure, and Confiscation of the Proceeds from Crime, concluded in Strasbourg on 8 November 1990, and Article 12 of the Federal Law on the Distribution of Confiscated Assets. In cases of recovered confiscated money, a distribution agreement is established, dividing the funds equally between the requesting country and the executing country.

Weighting and conclusion –

Italy has a sophisticated system in place to provide MLA in seizing, freezing and confiscation matters countries covered under the EU Regulation 2018/1805 as well as under the CCP for countries not covered by the EU Regulation. However, the deficiency in Recommendation 4.2(a) impacts the ability to provide international cooperation relating to property of corresponding value for every offence. **Recommendation 38 is rated Largely Compliant.**

Recommendation 39 – Extradition

In its 2015 MER, Italy was rated C with R.39.

Criterion 39.1 –

Both ML and TF are extraditable offenses. Extradition is governed by the Constitution and the Criminal Code, as well as by the conventions and agreement that Italy is party to.

The Constitution and the CCP set limits to extradition that do not appear to be unreasonable or unduly restrictive. Extradition may not be granted (i) political offenses (article 26). The notion of political crime is not defined in the text of the law but the scope of the prohibition was clarified in jurisprudence (Court of Cassation, Sentence No. 23727/2008: the prohibition applies only to those offenses committed for the defence of values acknowledged in the Italian Constitution; (ii) in instances where the death penalty may

be pronounced in the foreign State for the offense that gave rise to the extradition request, extradition may be granted only if the foreign State provides the Italian MoJ and the competent judicial authority with “absolute guarantee” that it will not carry out the death penalty⁵¹. (iii) In addition, Italian citizens may only be extradited if extradition is specifically provided for in international conventions that Italy is party to, which include the conventions listed in the standard.

In the European context, extradition amongst EU members is facilitated by the European Arrest Warrant (EAW) Framework decision, which Italy implemented in April 2005. EAWs may only be issued for offenses that carry a minimum penalty of 12 months or more imprisonment, or where the prison sentence to be enforced is at least four months long. Once issued, EAWs become automatically applicable in all EU member states. There is no exception for political, military, or revenue offenses, and no exception clause allowing a state to refuse to surrender one of its nationals. The general requirement for dual criminality is removed for a range of offenses, including money laundering, and the categories of predicate offenses listed in the standard and terrorism. The mandatory grounds for refusal under the EAW Framework decision do not appear to be unreasonable or unduly restrictive. The law that implemented the framework decision into Italy’s domestic legal framework only provides for these mandatory grounds for refusal (i.e., it does not include optional grounds for refusal which could potentially have narrowed the scope of extradition).

Criterion 39.2 –

Italian nationals may only be extradited to a country that is not an EU member in instances where this is explicitly provided for in the international conventions or other agreements that Italy is party to, except in the case of political offense, in which case the extradition will be denied (articles 26 of the Constitution and 13 of the CC). Within the EU, extradition may occur amongst Member States under the EAW, regardless of nationality.

In instances where extradition is not possible, article 9 of the CC provides that the accused should be prosecuted by the competent Italian authorities. Pursuant to article 13 of law No. 69/2005, the arrest of an individual must be referred to the court within 48 hours.

Criterion 39.3 –

For the dual criminality requirement to be fulfilled, it is not necessary that the foreign denomination of a crime find its exact counterpart in the Italian legislation; it is sufficient that the facts upon which the request is based be punishable as an offense in both countries (Court of Cassation, Sentence No. 19406/2012). This is a general principle which applies with both EU and non-EU states.

Pursuant to article 7 of the EAW law, the EAW may be executed without testing for dual criminality in a number of cases including ML, its predicate offenses, and TF. For non-EU states, the dual criminality requirement is fulfilled when the two offenses have fundamental elements in common (Court of cassation, Sentence No. 40169/2010).

⁵¹ The text of article 698 para 2 of the CCP sets a lower threshold, namely, that the foreign State must provide “the same guarantee as deemed sufficient both by the judicial authority and by the Ministry of Justice” that the death penalty will not be applied. This provision was considered as unconstitutional by the Constitutional Court (Sentence No. 223/1996). The Court of Cassation subsequently established that extradition may only be granted if an “absolute guarantee” was given (Sentence No. 210836/1998).

698 CPP 1. Extradition shall not be granted either for a political offense or if there are well-founded reasons to believe that the accused or convicted person will be subject to either persecution or discrimination on grounds of race, religion, sex, nationality, language, political opinions, or social or personal conditions, or cruel, inhuman, degrading penalties or treatments, or in any case to actions which violate one of the fundamental rights of a person.

2. If the case for which extradition is requested is provided for the death penalty under the law of the foreign state, extradition may be granted only if the state gives the same insurance, is considered sufficient both by the court and by the Ministry of Justice, that the death penalty will not be imposed or, if already imposed, will not be executed. Unconstitutional) Unofficial translation

Criterion 39.4 –

Simplified extradition mechanisms are in place amongst all EU member states in the context of the EAW as described above.

Weighting and conclusion –

Recommendation 39 is rated Compliant.

Recommendation 40 – Other forms of international cooperation

In its 2015 MER, Italy was rated LC for R.40 based on the minor shortcomings identified with regards to the FIU's inability to exchange STRs on predicate offences with foreign counterparts. R.40 was re-rated C in the 2019 FUR.

General principles

Criterion 40.1 –**Criterion 40.1 (a) –**

At the EU level, Italy cooperates in cross-border investigations and prosecutions via the European Union Agency for Criminal Justice Cooperation (Eurojust) and through cooperation in law enforcement via the European Union Agency for Law Enforcement Cooperation (Europol). Eurojust - based on Regulation (EU) 2018/1727 - has the tasks to support and strengthen coordination and cooperation between national investigating and prosecution authorities in relation to serious crime where that crime affects two or more Member States, including in relation to money laundering activities or terrorism (Art. 3 and Annex I Regulation (EU) 2018/1727). Europol provides operational and strategic support to law enforcement authorities in the EU in cross-border cases of serious crime, including preventing and combating money laundering and terrorism (Art. 3 and Annex I Regulation (EU) 2016/794).

Italy has transposed EU Directive 2023/977 on the exchange of information between the law enforcement authorities of EU member states that establishes harmonised rules for the adequate and rapid exchange of information between the competent law enforcement authorities for the purpose of preventing, detecting or investigating criminal offences. (LD 181 of 2024).

There is no similar framework for countries outside the EU framework aside from GdF's legislative framework for spontaneous exchange of information with foreign countries (article 4(1) LD 68/2001). However, based on Art.13 of the AML Law, bilateral treaties and MOUs and Italy's participation in INTERPOL, UIF, GdF and DIA are able to rapidly provide the widest range of international cooperation on ML, associate predicate offences and TF. For cooperation relating to customs, Italy uses the Naples II Convention for cooperation between EU customs administration and the World Customs Organisation outside the EU as a platform for cooperation.

Criterion 40.2 –**Criterion 40.2(a) –**

The AML Law provides the legal basis for international cooperation either upon specific request or spontaneously with EU and non-EU counterparts (Art. 13 and 13 *bis* AML Law) as well as for supervisory authorities with their EU counterparts and also for DNFBP supervision (Art. 13 *ter* AML). There are no specific restrictions on competent authorities providing international co-operation in relation to money laundering, predicate offences and terrorist financing, which can also be conducted on the basis bilateral MOUs. GdF is designated to share information on ML/TF and other crimes with authorities designated by

other EU Member States in the framework of EU directive 2019/1153 (Circular no 28035 of 2023 and LD 186/2021). At the EU level, the Framework Decision 2023/977 for TF ensures rapid that police authorities respond rapidly. Within the EU framework, there are also cooperation mechanisms for competent authorities relating to tax and customs on ML/TF.

Criterion 40.2(b) –

Nothing prevents the competent authorities from using the most efficient means to co-operate.

Criterion 40.2(c) –

At the EU level, Europol has developed the Secure Information Exchange Network Application (SIENA), a state-of-the-art tool designed to enable swift, secure and user-friendly communication and exchange of operational and strategic crime-related information and intelligence between Europol, Member States and Third Parties with which Europol has cooperation agreements / working arrangements. For the exchange of information, the UIF may use the system FIU.net for the exchange with FIUs of EU Member States. The system is hosted by the European Commission allowing EU FIUs to securely exchange and crossmatch information for the analysis of potential cases of money laundering, associated predicate offences and terrorism financing. For the exchange of information between financial supervisors, the European Banking Authority (EBA) provides the system eGATE that facilitates the exchange of information with competent authorities in EU Member States supervising credit and financial institutions.

UIF can also directly gather information from multiple domestic sources and transmit this information to its foreign counterparts via the ESW and the FIU.NET channels rapidly and ensuring security and confidentiality.

GdF is designated to receive, request and share financial information useful to investigate on terrorism financing, money laundering and prerequisite crimes” with designated EU authorities through a certified email account. (Circular 28035 of 2023, EU Directive 2019/1153 and LD 186/2021).

For cooperation with non-EU countries, Italy use the INTERPOL's I-24/7 communications system or other secure channels (such as, registered mail or encrypted email) ensuring the adoption of appropriate measures, to guarantee the confidentiality and integrity of the transmitted data (according to Presidential Decree No. 15 of 15 January 2018).

Criterion 40.2(d) –

The UIF prioritises the requests received taking into account the nature of underlying cases, their urgency and relevance, also by carefully considering the indication of the requesting counterparts on their needs for a prompt reply. Urgent cases are indicated in the SAFE system by a specific flag, so as to allow the analyst to prioritise the workflow. In addition, it is important to recall that embedded in the FIU.NET there are tools which allow the respondents to have clear prioritisation elements built in their dashboard. Based on its prioritisation, UIF responds to requests in a timely manner, by making use of existing efficient procedures and internal processes.

GdF has internal procedures to prioritise the processing of foreign requests according to the urgency of the request, the seriousness of the facts under consideration and the nature of the elements requested. The exchange of AML/CFT information between counterparts for DIA and National Police is based police co-operation channels defined by the international conventions, bilateral and multilateral agreements and by memoranda of understanding which lay down channels and processes for cooperation, including prioritisation and ensuring timeliness and security of information.

Bol does not have a prioritisation process in place in view of the low amount of requests.

Criterion 40.2 (e) –

- a) For UIF, information in fact is gathered through the international channel is subject to the same security and confidentiality safeguards of this received domestically (see R.29.6).

For GdF, specific procedures have been developed through secure channels (LD 186/2021 and Circular 28035.2023) that also detail the confidentiality of the information exchanged. For example, Italy ensures that in police cooperation through Europol's SIENA secure channel, within the European framework, specific communication forms are followed so that the required confidentiality classifications can be respected.

Any information in possession of BoI as the AML supervisor is covered by professional secrecy, including information received from foreign supervisory authorities (AML Law, Art. 12(8)).

Criterion 40.3 –

MOUs are not always required for international cooperation. Where needed, competent authorities have concluded bilateral and multilateral agreements and MOUs to facilitate international co-operation with a wide range of foreign counterparts.

UIF can cooperate with foreign counterparts, without any need for bilateral or multilateral agreements (AML Law, Art. 13 *bis*). The UIF can negotiate and sign MOUs directly with any foreign counterparts that need an MOU to be able to cooperate (AML Law, Art. 13 *bis* (3)). UIF has concluded 26 MOUs.

GdF and DIA can stipulate appropriate MOUs to regulate the process of the prompt sharing information via international cooperation (AML Law, Art. 13(2)). GdF has concluded 32 MOUs with foreign counterparts covering EU and non-EU countries, notwithstanding an MOU is not necessary for cooperation. Supervisory authorities may enter into collaborative arrangements with authorities of EU member states or with similar authorities of third countries if needed (AML Law, Art. 13 *ter* (2)).

Criterion 40.4 –

Competent authorities can provide feedback in a timely manner if requested by foreign counterparts from whom they have received assistance, as part of their obligation to exchange information. For cooperation with EU countries, there is a, express legal provisions for responding to requests from abroad, and the reasons for refusing to provide them (LD 181 of 2024). GdF has internal procedures on providing feedback.

Criterion 40.5 –

The AML Law that provides the legal basis for international cooperation involving UIF, GdF and supervisory authorities do not provide the possibility to refuse a request for assistance on the grounds that the request involves fiscal matters or secrecy laws related to FIs or DNFBPs or that the nature or status of the requesting counterpart authority is different. Similarly, where there is an inquiry, investigation or proceeding underway in the requested country, unless the assistance would impede that inquiry, investigation or proceeding. (AML Law Art. 13(1) and 13 *bis* (3))

For DIA and Ministry of Interior (National Police), as well as GdF cooperation with non-EU countries, this will depend on the respective MOU, which do not provide the possibility to refuse a request on account of (a) to (d).

Criterion 40.6 –

Legislation establishes general requirements for Italian authorities to use information obtained through international cooperation for the purpose for which the information was sought or provided, unless prior authorisation has been given by the requested competent authority. This is provided under the AML Law for DIA and GdF (AML Law Art. 13), UIF (AML Law, Art. 13 *bis*) and supervisory authorities in relation to EU member states (AML Law, Art. 13 *ter*). There are provisions in Italy's international arrangements for

international cooperation on tax and customs that prescribe requirements on use of information obtained through international co-operation.

Criterion 40.7 –

Competent authorities have specific tools in place for the custody of the data (e.g. encryption) to protect from possible leaks, including transfer of data domestically as well as organisational security rules. In addition, access and use of Egmont Secure Web and FIU.NET are regulated and permitted only to determined personnel or encrypted messaging systems. In addition, there is a general requirement that personal data transmitted by competent authorities of third countries or international organisations or bodies shall be processed exclusively for the purposes for which they were transmitted. (Art.19 Presidential Decree no.15 of 2018).

Criterion 40.8 –

In relation to requests from foreign counterparts, the UIF, GdF and DIA have the capacity to obtain the same information that it would be able to obtain had the same case been reported domestically. Similarly to the confidentiality regime, therefore, international requests are equated to domestic STRs also when it comes to exercising UIF's powers to gather the information requested. (AML Law, Art. 13, 13 *bis*(1) and (3))

The Italian Police forces carry out the investigations on behalf of EU counterparts and exchange all information on the basis of a request for judicial assistance - in the same manner as they would carry out investigations at a domestic level. (LD 181 of 2024). Supervisory authorities may, at the request of AML authorities in EU Member States, carry out inspections at banking and financial intermediaries with registered addresses in Italy that form part of the groups under supervision by the requesting authorities (AML Law, Art. 7 quinquies).

In addition, co-operation with non-EU countries may depend also on the respective MOU or the international convention under which the cooperation takes place.

Exchange of Information between FIUs

Criterion 40.9 –

The UIF can exchange information and cooperate with foreign counterparts based on reciprocity in relation to suspicious transactions for ML (including ML-related predicate offences) and TF (AML Law, Art. 13 *bis*).

Criterion 40.10 –

Upon request, UIF provides feedback to foreign counterparts on the information obtained pursuant to article 13 *bis* of the AML Law. UIF provides feedback in response to spontaneous disclosures and regularly fills in feedback forms received by disclosing FIUs on the use, the timeliness and usefulness of information exchanged. For information received in response to requests, the counterpart is informed *ex ante* of the nature and characteristics of the case allow the counterpart to properly understand the context. This is done on the basis of article 13 *bis* of the AML Law and the Egmont Principles of Information Exchange to which the Italy adheres as an Egmont member.

Criterion 40.11 –

The UIF may use any powers available (see c.29.3), according to the regulations in force, as the Financial Intelligence Unit for Italy (AML Law, Art. 13 *bis* (3)), which includes information from obliged entities in absence of a previous STR. This is done under conditions of reciprocity and conditions of confidentiality (AML Law, Art. 13 *bis* (1)).

Criterion 40.12 –

The UIF may suspend, for up to five business days, suspicious transactions, upon the request by another FIU, whereby there is no resulting prejudice to the course of investigation (AML Law, Art. 6(4)(c)). The UIF can also send requests for suspension to foreign FIUs, in the context of its wider power of exchanging information and cooperating with foreign FIUs envisaged by article 13-bis of the AML Law. Suspicious transactions relate situations where there is knowledge, suspicion or reasonable grounds to suspect that ML/TF is being or has been carried out or attempted, or that the funds, regardless of their origin, are the proceeds of criminal activity (AML Law, Art. 35(1)).

*Exchange of information between financial supervisors***Criterion 40.13 –**

As supervisory authorities, Bol and IVASS a legal basis for providing co-operation with European and foreign competent supervisory authorities. They are required to collaborate, including through the exchange of information, with the authorities responsible for AML and with the prudential and resolution supervisory authorities of the other EU Member States, as well as with the European Central Bank, in order to facilitate their respective functions. (AML Law, Art. 13 *ter* (1), and LD 209/2005 (Insurance Code) Art. 10(7)).

In relation to non-EU counterparts, Bol may enter into collaboration agreements with their foreign counterparts (AML Law, Art. 13 *ter* (2)). And IVASS may similarly enter into collaborating agreements with foreign counterparts (LD 209/2005 (Insurance Code), Art. 10(8)).

IVASS is a signatory of IAIS Multilateral Memorandum of Understanding on Cooperation and Information Exchange that establishes a formal basis for cooperation and information exchanges on supervision of insurance, including information relating to AML/CFT, among 86 global IAIS members.

Criterion 40.14 –

The legal basis for Bol and IVASS makes reference to broad collaboration through the exchange of information with the ECG and supervisory authorities of the other EU Member States relating to the facilitation of their respective functions, and for non-EU counterparts, would depend on the collaboration agreement entered into. (AML Law, Art. 13 *ter* and LD 209/2005 (Insurance Code), Art. 10(7 - 8)).

Criterion 40.15 –

At the EU level, competent authorities supervising credit and financial institutions concluded an agreement on the exchange of information with the European Central Bank acting as a prudential supervisor. Information exchange can extend to prudential and AML/CFT information, including material weaknesses into the AML/CFT governance, systems and controls framework. For supervisors in the EU, the AML/CFT Colleges Guideline⁵² create a common framework to support effective oversight of cross-border groups from an AML/CFT perspective and also from a more general prudential perspective. Specifically, AML/CFT colleges provide a permanent structure for cooperation and information exchange between supervisors from different member states and third countries that are responsible for the AML/CFT supervision of the same firm. The guidelines set out the rules that govern the establishment and operation of these colleges, and structure the exchange of information between AML/CFT and prudential supervisors, who will be invited to participate in AML/CFT colleges as observers.

⁵² Joint guidelines on cooperation and information exchange for the purpose of Directive (EU) 2015/849 between competent authorities supervising credit and financial institutions, published by the European Banking Authority on 16 December 2019 (JC 2019 81).

In relation to non-EU counterparts, the detail regarding information exchange which cover (a) to (c), is based on respective the collaboration agreements with their foreign counterparts.

Criterion 40.16 –

As sector supervisory authorities, Bol and IVASS may, at the request of the authorities responsible for AML in EU Member States, carry out inspections at banking and financial intermediaries with registered addresses in Italy that form part of the groups under supervision by the requesting authorities. The authorities may allow the authorities that made the request or an auditor or expert to carry out the inspections. Additionally, they may, if it wishes, take part in an inspection it does not carry out itself directly. (AML Law, Art. 7 (4-*quinquies*)).

In relation to non-EU counterparts, the detail regarding information exchange is based on the collaboration agreements with their foreign counterparts. No further information has been provided in relation to similar cooperation relating to non-EU countries.

Criterion 40.17 –

Information received by the sector supervisory authorities, including Bol and IVASS, may only be communicated with the explicit consent of the authorities that provided it counterparts (AML Law, Art. 13 *ter* (1)).

With regard to information received by its non-EU counterparts, dissemination is regulated by the specific MoU concluded by Bol or IVASS, and the non-EU supervisor on respective duties of cooperation and exchange of information contains the same safeguard.

Exchange of information between law enforcement authorities

Criterion 40.18 –

At the EU level, there are a number of systems and databases can be used by the competent authorities of Italy to access data in line with the established access right:

- Schengen Information (SIS), used to enter and consult alerts on wanted or missing persons and objects.
- Entry/Exit system, used to record entry and exit of third-country nationals crossing the borders of the Schengen Area. The System will also record refusals of entry.
- (Current) Eurodac, a database of fingerprints of asylum applicants registered in the EU and third-country nationals who crossed an external border illegally. (New) Eurodac, a database containing biometric, identity and travel document data of asylum seekers, irregular migrants and third-country nationals participating in a resettlement scheme.
- European Travel Information and Authorisation System (ETIAS) will process the data of the visa-exempt third country nationals applying for an ETIAS travel authorisation to enter the Schengen area and Cyprus for a short stay.
- European Criminal Records Information System (ECRIS-TRN), used to exchange information on criminal convictions. - data on DNA profiles, dactyloscopic data, certain vehicle registration data, facial images and police records in line with Regulation (EU) 2024/982 (Prüm II Regulation), These data accesses on a cross-border basis complement exchanges of information with individual law enforcement authorities in EU Member States and in other EU cooperation fora.

Both for EU and non-EU cooperation, to facilitate exchange of information and assistance and the activities connected with the in-depth investigation of STRs for their operational purpose, NSPV and DIA can exchange investigative data and information with foreign counterparts under conditions of reciprocity and in derogation from the obligation of professional secrecy (LD 231/2007, Art. 13 AML Law). GdF has a

legislative framework for spontaneous exchange of information with foreign countries (LD 68/2001, Art. 4(1)), and can also share information based on domestic investigations or proceedings initiated based on information received from foreign counterparts.

More generally, the scope of assistance relating to the sharing of information is also defined by the respective MOUs between the Italian LEA and foreign counterpart.

Criterion 40.19 –

There is nothing to prevent LEAs from exchanging domestically available information for intelligence or investigative purpose to identify and trace criminal property and property of corresponding value and commence domestic investigations or proceedings based on such information received from foreign counterparts, pursuant to the established framework for international cooperation. Police to police cooperation to exchange information spontaneously through a Single Point of Contact is established (LD181/2004, Art. 4(1)).

Criterion 40.20 –

There is nothing to prevent LEAs from spontaneously sharing relevant information regarding criminal property and property of corresponding value with foreign counterparts without a prior request or spontaneously identifying and tracing criminal property and property of corresponding value, in appropriate cases, if they suspect that such property relating to a foreign investigation may be located in their jurisdiction, pursuant to the established framework for international cooperation. Police to police cooperation to exchange information spontaneously through a Single Point of Contact is established (LD181/2004, Art. 7(1)).

Criterion 40.21 –

There is nothing to prevent LEAs from using their powers, including any investigative techniques available in accordance with their domestic law, to conduct inquiries and obtain information on behalf of foreign counterparts.

Criterion 40.22 –

At the EU level, Legislative Decree 34/2016 and the investigative tool through article 729-*quinquies* CCP govern the rules on establishing joint investigation teams.

For non-EU countries, joint investigative teams can be formed upon the judicial authority's request on the basis of bilateral or multilateral agreements and memoranda of understanding on ML and TF matters with the respective country.

Criterion 40.23 –

At the EU level, cooperation frameworks are designed to facilitate and enhance cooperation in cross-border investigations, such as the Anti-Money Laundering Operational Network (AMON) and the Camden Asset Recovery Inter-Agency Network (CARIN) hosted by Europol. Italy has an informal network of experts-practitioners in the field of asset tracing, freezing and confiscation, with the aim to increase the effectiveness of its members' efforts, on a multi-agency basis, to deprive criminals of their illicit profits.

At the international level, GdF is active in INTERPOL and was involved in the first Silve Notice initiative (see IO.8) on cooperation relating to asset tracing.

Exchange of information between non-counterparts

Criterion 40.24 –

At the EU level, NSPV is authorised to exchange information indirectly with non-counterparts (Circular no. 28035 dated January 30, 2023). LEAs are able to coordinate with UIF to be able to seek diagonal cooperation through UIF by requesting from the UIF relevant information, possibly also held by foreign FIUs, in relation to money laundering, predicate offences and terrorist financing. Within the framework of police cooperation, the exchange of information is carried out with counterparts only. In case of non-counterparts' requests, they should be channelled through a police office and the requesting party should indicate for what purpose the information will be used.

Weighting and conclusion –

Italy's legal framework allows for cooperation with foreign authorities, especially within the EU context. For supervisory authorities, there are no clear processes for the prioritisation and timely execution of non-EU requests as well as the ability to conduct inquiries on behalf of foreign counterparts or authorise the same from foreign counterparts. **Recommendation 40 is rated Largely Compliant.**

Annex B. Technical compliance shortcomings

The Recommendations presented in green have been subject to a full assessment, reflecting either amendments to the FATF Standards or substantive changes made by the country to its legal, regulatory, or operational frameworks since its last mutual evaluation. The remaining Recommendations are based on pre-existing information from the country's most recent assessments and have not been reassessed in this review.

Recommended actions	Rating	Factor(s) underlying the rating
1) Assessing risks & applying a risk-based approach	Largely compliant	- Lack of policies for risk-based allocation of resources at the interagency level. - Lack of regulations specifying which factors must be considered in DNFBPs' risk assessments - Does not currently require prioritisation based on level of PF risks
2) National cooperation and coordination	Compliant	All criteria are met.
3) Money laundering offence	Largely compliant	The amount of fines for ML and self-laundering for natural persons are not sufficiently dissuasive.
4) Confiscation and provisional measures	Largely compliant	- The State Police does not have up-to-date operational plans that prioritise asset recovery in both the domestic and international context and it was not demonstrated how it is adequately resourced to pursue asset recovery. - Outside the AMC, Italy does not have clear legislative basis to identify, trace and evaluate property of corresponding value. - Outside the AMC, Italy does not have legislative measures for competent authorities to take steps that will prevent or void actions that prejudice the country's ability to freeze, seize or confiscate criminal property. - Non-conviction-based confiscation is not available for serious offences that fall outside the AMC framework.
5) Terrorist financing offence	Compliant	All criteria are met.
6) Targeted financial sanctions related to terrorism and terrorist financing	Largely compliant	- While the domestic measures have not been applied for new UN listings, meaning there was no legal basis for natural and legal persons, to freeze funds without delay or a prohibition to make funds available to newly listed UN persons or entities prior to EU transposition, authorities applied other measures to substantially mitigate potential risk and largely bridge the implementation gap on these issues. - The procedure for proposing designations does not specify the standard forms for listing as adopted by the relevant committee (the 1267/1989 Committee or 1988 Committee). - Domestic measures do not specify that procedures and criteria to submit de-listing requests to the relevant UN sanctions Committee be in accordance with procedures adopted by the 1267/1989 Committee or the 1988 Committee, as appropriate. - Domestic measures do not contain procedures (publicly known or otherwise) to unfreeze funds due to mistaken identity.
7) Targeted financial sanctions related to proliferation	Largely compliant	- Domestic measures do not specify the Focal Point mechanism for de-listing established pursuant to UNSCR 1730. - Domestic measures do not specifically permit the addition to the accounts frozen pursuant to UNSCRs 1718 of interests or other earnings due on those accounts or payments due under contracts, agreements or

		obligations that arose prior to the date on which those accounts became subject to the provisions of this resolution.
8) Non-profit organisations	Partially compliant	- Italy does not have in place focused, proportionate and risk-based measures that apply to higher-risk NPOs identified in the NRA. - Italy has undertaken only limited outreach and educational programmes to raise and deepen awareness among NPOs, has not worked with the sector to develop and refine best practices. - Limited measures taken to encourage NPOs to conduct transactions via regulated financial and payment channels.
9) Financial institutions secrecy laws	Compliant	All criteria are met.
10) Customer due diligence	Largely compliant	- Verification of identity is allowed through some means which are not fully reliable, i.e. electronic identity schemes with only “substantial” security. - There is no specific provision to permit an FI to not pursue CDD and file an STR in cases they have reasons to believe that the CDD obligations will tip off the customer.
11) Record-keeping	Compliant	Nil
12) Politically exposed persons	Partially compliant	The definition of PEP incorporates a one-year time limit.
13) Correspondent banking	Partially compliant	There is no requirement for criteria 13.1 and 13.2 to be applied for intra EU/EEA correspondent banking relationships
14) Money or value transfer services	Compliant	All criteria are met.
15) New technologies	Largely compliant	Shortcomings in R.10, 12, 13, 16, 17, 19 and 40 also apply to VASPs.
16) Wire transfers	Largely compliant	- Transactions equal to EUR 1 000 are not included. - For wire transfers equalling EUR 1 000, the beneficiary's FI is not required to verify the accuracy of the information unless it suspects ML/TF or the funds are transferred in the form of cash or anonymous electronic money - There is no explicit obligation requiring payment service providers to file a suspicious transaction report in all countries concerned by a suspicious wire transfer.
17) Reliance on third parties	Largely compliant	There is no requirement for FIs to assess the risk of countries where a third party can be based for countries which are members of the EU.
18) Internal controls and foreign branches and subsidiaries	Largely compliant	There is no requirement for FIs to screen while hiring new employees.
19) Higher-risk countries	Largely compliant	There is no requirement to apply enhanced due diligence to business relationships and transactions with natural and legal persons from countries for which this is called for by the FATF, unless the countries are also identified by the EU Commission or the MEF.
20) Reporting of suspicious transactions	Compliant	All criteria are met.
21) Tipping-off and confidentiality	Compliant	All criteria are met.
22) DNFBPs: customer due diligence	Largely compliant	- Cascading effect of deficiencies in R12, regarding the one-year time limit in the definition of PEP. - There is no specific requirement for DNFBPs other than PIE auditors to consider the risk from new technologies. - Permitted reliance on intermediaries within the EU is based solely on the presumption that all EU members have equivalent AML/CFT standards, rather than on individual country risk assessments undertaken by the authorities.
23) DNFBPs: other measures	Largely compliant	- Italy's AML Law does not clearly indicate the competent authorities, other than CONSOB for PIE auditors, in charge of issuing secondary regulations addressed to DNFBPs on internal control requirements. - There is no requirement for screening procedures to ensure high standards when hiring employees. - Cascading effect from R19 (There is no requirement to apply enhanced due diligence to business relationships and transactions with natural and legal persons from countries for which this is called for by the FATF, unless the countries are also identified by the EU Commission or the MEF).
24) Transparency and beneficial	Partially compliant	No specific steps have been taken to manage and mitigate the risks

ownership of legal persons		identified, apart from putting in place general measures to manage and mitigate the risks identified. • The Beneficial Ownership Register in Italy is suspended and there is no specific alternative mechanism in place. • The sanctions for non-compliance with filing basic information are not proportionate and dissuasive. • The Cooperation with Foreign FIUs Division of the UIF analyses the quality of assistance received and is also responsible for providing feedback to foreign counterparts. Other authorities do not monitor the quality of assistance. • Authorities at the national level do not have access to beneficial ownership information for public procurement which is not a part of the NRRP.
25) Transparency and beneficial ownership of legal arrangements	Largely compliant	• Trustees and persons in equivalent positions are not explicitly required to obtain and hold adequate, accurate and up-to-date basic and beneficial ownership information on legal persons or arrangements who are parties to the trust or similar legal arrangement, except when the trustee is a fiduciary company subject to the AML Law is required to perform CDD on the settlor. • There is no specific requirement for trustees or persons holding equivalent positions in a similar legal arrangement to hold basic information on other regulated agents and service providers to the trust. • Sanctions for not filing with the business register office exist, they are not proportionate or dissuasive.
26) Regulation and supervision of financial institutions	Compliant	• All criteria are met.
27) Powers of supervisors	Compliant	• All criteria are met.
28) Regulation and supervision of DNFBPs	Compliant	• All criteria are met.
29) Financial intelligence units	Compliant	• All criteria are met.
30) Responsibilities of law enforcement and investigative authorities	Compliant	• All criteria are met.
31) Powers of law enforcement and investigative authorities	Compliant	• All criteria are met.
32) Cash couriers	Compliant	• All criteria are met.
33) Statistics	Compliant	• All criteria are met.
34) Guidance and feedback	Largely compliant	• There are no mechanisms in place to provide feedback to Notaries, Lawyers and Accountants and casinos. • Lesser guidance and feedback are provided to other DNFBPs such as real estate agents and DPMS.
35) Sanctions	Compliant	• All criteria are met.
36) International instruments	Compliant	• All criteria are met.
37) Mutual legal assistance	Largely compliant	• For requests from non-EU countries, there are no mechanisms such as prescribed timelines, for Italy to provide the assistance to be provided rapidly. • There are no clear processes for the timely prioritisation and execution of mutual legal assistance requests received. • For requests from non-EU countries, unless the accused has freely expressed his consent to the request, dual criminality is required for requests that do not involve coercive actions.
38) Mutual legal assistance: freezing and confiscation	Largely compliant	• The deficiency in c.4.2(a) regarding the ability to identify, trace and evaluate property of corresponding value outside the scope of the AMC affects the ability to provide international cooperation for the same where the scope of the offence falls outside the AMC.
39) Extradition	Compliant	• All criteria are met.
40) Other forms of international cooperation	Largely compliant	• Supervisory authorities have no processes for the prioritisation and timely execution of requests. • The legal basis for financial supervisors to conduct inquiries on behalf of foreign counterparts and facilitate the ability of foreign counterparts to conduct inquiries, in order to facilitate group supervision is not clear.

Glossary of acronyms

Acronym	Definition
AML/CFT/CPF	Anti-Money Laundering, Combating the Financing of Terrorism and Combatting the Financing of Proliferation of Weapons of Mass Destruction
ADM	Agenzia delle dogane e dei monopoli (Customs and Monopolies Agency)
AFIS	Anti-Fraud Information System
AGI	Assistenza Giudiziaria Internazionale (regional PPO registers)
AICS	Agenzia Italiana per la Cooperazione allo Sviluppo (Italian Agency for Development Cooperation)
AMC	Anti-Mafia Code
ANAC	Autorità Nazionale Anti Corruzione (National Anti-Corruption Authority)
ANBSC	Agenzia Nazionale per l'amministrazione e la destinazione dei beni sequestrati e confiscati alla criminalità (National Agency for Seized and Confiscated Assets)
AOR	(Operational Risk Analysis)
ARO	Asset Recovery Office
BNI	Bearer Negotiable Instruments
BoI	Bank of Italy
Carabinieri	Arma dei Carabinieri
CARIN/ARIN	Camden Asset Recovery Inter-agency Network/ Asset Recovery Inter-agency Network
CASA	Comitato di Analisi Strategica Antiterrorismo (Strategic Anti-Terrorism Analysis Committee)
CC	Criminal Code
CCP	Criminal Code of Procedure
CONSOB	Commissione Nazionale per le Società e la Borsa (National Commission for Companies and the Stock Exchange)
DIA	Direzione Investigativa Antimafia (Anti-Mafia Investigation Department)
DNA	Direzione Nazionale Antimafia e Antiterrorismo (National Anti-Mafia and Anti-Terrorism Directorate)
DNFBP	Designated Non-Financial Businesses and Professions
EAW	European Arrest Warrant
EIO	European Investigative Order
EJN	European Judicial Network
ELIOS	Elaborazioni Investigative Operazioni Sospette
EPPO	European Public Prosecutor's Office
FI	Financial institution
FSC	Financial Security Committee
GdF	Guardia di Finanza
IAIS	International Association of Insurance Supervisors
ISTAT	Italian National Statistical Institute
IVASS	Istituto per la Vigilanza sulle Assicurazioni (Institute for the Supervision of Insurance)
LD	Legislative Decree
MAECI	Ministero degli Affari Esteri e della Cooperazione Internazionale (Ministry of Foreign Affairs)
MEF	Ministry of Economy and Finance
MiMit	Ministry of Enterprises and Made in Italy
MoI	Ministry of Interior
MoJ	Ministry of Justice
MOU	Memorandum of Understanding
MLA	Mutual Legal Assistance
MSLP	Ministry of Labor and Social Policies
NCBC	Non-conviction-based confiscation
NSPV	Nucleo Speciale Polizia Vallutaria (Special Currency Police Unit of the GdF)
OGG	Cash transaction reports

ORO	Gold transaction reports
OTT	Operation Technical Tables
PP	Public Prosecutor
PPO	Public Prosecutor's Office
RE	Reporting Entity
ROS	Raggruppamento Operativo Speciale (Specialised Operational Group in the Carabinieri)
SARA	Aggregate AML Reports
SCIP	Servizio per la Cooperazione Internazionale di Polizia
RUNTS	Registro Unico Nazionale del Terzo Settore (National Single Register of the Third Sector)
SIVA	Sistema Informativo Valutario
SDI	Sistema di Indagine
SP	Polizia di Stato (State Police)
STR	Suspicious Transaction Report
UIF	L'Unità di Informazione Finanziaria per l'Italia (FIU)



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Mutual Evaluation of Italy - Anti-money laundering and countering the financing of terrorism and proliferation financing measures

In this report: a summary of the anti-money laundering (AML)/countering the financing of terrorism (CFT)/counter-proliferation financing (CPF) measures in place in Italy at the time of the on-site visit between June-July 2025.

The report analyses the level of effectiveness of Italy's AML/CFT/CPF system, the level of compliance with the FATF 40 Recommendations and provides recommendations on how their AML/CFT system could be strengthened.