

**LAW ON PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING
(Official Gazette of Montenegro, No. 33/14 of 04.08.2014)**

I GENERAL PROVISIONS

Subject Matter of the Law

Article 1

This Law shall regulate measures and actions undertaken for the purpose of detecting and preventing money laundering and terrorist financing.

Money Laundering

Article 2

(1) For the purposes of this Law, money laundering shall mean in particular the following:

- 1) the conversion or transfer of money or other property, knowing that they are derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or assisting any person involved in the commission of such activity to evade the legal consequences of his action;
- 2) the concealment or disguise of the true nature, source, location, movement, disposition or ownership of money or other property, knowing that they are derived from criminal activity or from an act of participation in such activity;
- 3) the acquisition, possession or use of property, knowing, at the time of receipt, that such property was derived from criminal activity or from an act of participation in such activity;
- 4) participation in, association to commit, attempt to commit and aiding, abetting, facilitating and counselling the commission of any of the actions mentioned in items 1, 2 and 3 of this paragraph.

(2) Activities from paragraph 1 of this Article carried out on the territory of another country shall also be considered as money laundering.

Terrorist Financing

Article 3

(1) In the context of this Law, the following shall, in particular, be considered as terrorist financing:

- 1) providing or collecting or an attempt of providing or collecting money, securities, other assets or property, in any way, directly or indirectly, with the intention or in the knowledge that they will be used, in full or in part, in order to carry out a terrorist activity;
- 2) encouraging or assisting in providing or collecting the funds or property from the item 1 of this Article.

Reporting entities

Article 4

- (1) Measures for detecting and preventing money laundering and terrorist financing shall be taken before, during and after the conduct of any business of receiving, investing, exchanging, keeping or other form of disposing of money or other property, or any transactions for which there is a suspicion of money laundering or terrorist financing.
- (2) Measures from paragraph 1 of this Article shall be undertaken by business organizations, legal persons, entrepreneurs and natural persons conducting activities (hereinafter referred to as: reporting entities), as follows:
 - 1) banks and other credit institutions, and foreign banks' branches;
 - 2) financial institutions;
 - 3) payment service providers;
 - 4) post offices;
 - 5) companies for managing investment funds and branches of foreign companies for managing investment funds;
 - 6) companies for managing pension funds and branches of foreign companies for managing pension funds;
 - 7) stock brokers and branches of foreign stock brokers;
 - 8) legal persons licenced by Securities and Exchange Commission for carrying out custody and depository activities, excluding banks;
 - 9) life insurance companies and branches of foreign life insurance companies;
 - 10) insurance intermediation companies and insurance representation companies in the part related to life insurance;
 - 11) organizers of lottery and special games of chance;
 - 12) exchange offices;
 - 13) pawnshops;
 - 14) companies issuing electronic money;
 - 15) humanitarian, non-governmental, religious and other non-profit organizations;
 - 16) sport organizations;
 - 17) other business organizations, legal persons, entrepreneurs and natural persons engaged in an activity or business of:

- sale and purchase of claims;
- factoring and forfeiting ;
- auditing, independent auditor, accounting and providing tax advice services;
- providing services of founding legal persons and other business organizations, as well as business and fiduciary services;
- third persons' property management;
- issuing and performing operations with payment and credit cards;
- financial leasing;
- investment, trade and intermediation in real estate trade;
- performing construction works;
- elaborating construction projects;
- motor vehicles trade;
- vessels and aircrafts trade;
- safekeeping;
- issuing warranties and other guarantees;
- crediting and credit intermediation;
- granting loans and intermediation in contracting granting loans;
- marketing and consulting activities related to business activities and other managing activities;
- providing catering and tourism services;
- purchase and trade in secondary raw materials;
- multi-level sale;
- organizing and conducting biddings, trading in works of art, precious metals and precious stones and precious metals and precious stones products, as well as other goods, when the payment is made in cash in the amount of at least € 7.500, in one or more linked transactions.

(3) The Government of Montenegro (hereinafter: the Government) may, by a regulation, define other reporting entities that shall undertake the measures from paragraph 1 of this Article if, considering the nature and manner of carrying out activities or business, there is a risk of money laundering or terrorist financing.

(4) The Government may define by a regulation reporting entities that are not obliged to undertake the measures and actions prescribed by this Law when performing certain part of business or activity in case they carry out activities on an occasional or very limited basis and that are related to low risk of money laundering and terrorist financing.

Definition of Terms Article 5

The terms used in this Law have the following meaning:

- 1) **terrorist act** means an act defined by the International Convention for the Suppression of the Financing of Terrorism;
- 2) **terrorist** means a person who alone or with other persons:
 - intentionally, directly or indirectly, commits or attempts to commit a terrorist act;
 - encourages or assists in the commission of terrorist act;
 - intentionally or in the knowledge of the intention of another person or a group of persons to commit a terrorist act, has contributed, or is contributing to the commission of a terrorist act;
- 3) **terrorist organization** means an organized group of persons that:
 - intentionally, directly or indirectly, commits or attempts to commit a terrorist act;
 - encourages or assists in the commission of terrorist act;
 - intentionally or in the knowledge of the intention of a group of persons to commit a terrorist act, has contributed, or is contributing to the commission of a terrorist act;
- 4) **customer** means a legal person, natural person, entrepreneur, and other persons, i.e. entities equal to them carrying out transactions or establishing business relationship with reporting entity;
- 5) **other persons, i.e. entities equal to them** means persons that join or will join money or any other property for a certain purpose;
- 6) **compliance officer and his/her deputy** means a person designated by a reporting entity and authorized and responsible for implementing measures and activities undertaken for the purpose of detecting and preventing money laundering or terrorist financing;
- 7) **credit institution** means a legal person that performs activities of receiving deposits and other repayable funds, and granting credits for its own account;
- 8) **financial institution** means a legal person, other than a credit institution, that possesses licence or approval for work issued by the Central Bank of Montenegro;
- 9) **transaction** means receiving, investing, exchanging, keeping or other form of disposing of money or other property;
- 10) **cash transaction** means any transaction in which a reporting entity receives cash from a customer or hands over cash to the customer for his possession and disposal;
- 11) **suspicious transaction** means any transaction for which it is deemed, based on indicators for recognising suspicious transactions and customers

defined by this Law, bylaws, and internal procedures of reporting entity, that it or a person conducting it are related to a suspicion of money laundering and terrorist financing;

- 12) **risk of money laundering and terrorist financing** means the risk that a customer will use the financial system for money laundering or terrorist financing, or that a business relationship, a transaction or a product will indirectly or directly be used for money laundering or terrorist financing;
- 13) **correspondent relationship** means a relationship between a domestic and a foreign credit institution, established by opening an account of a foreign credit or other institution with a domestic credit institution, or a contract that a domestic credit institution concludes with a foreign credit or other institution, with a view to operating business with foreign countries;
- 14) **shell bank** means a credit institution, or other similar institution, registered in a country where it does not carry out activity, has no physical presence, employees, meaningful mind and management and which is not related to a financial group subject to supervision for the purpose of detecting and preventing money laundering or terrorist financing;
- 15) **property** means assets of every kind, whether corporeal or incorporeal, movable or immovable, tangible or intangible, and legal documents or instruments in any form including electronic or digital, evidencing title to or an interest in such assets;
- 16) **business relationship** means a business, professional or commercial relationship related to the professional activities of reporting entities and customers and which is expected, at the time of its establishing, to have an element of duration;
- 17) **customer identification** means a procedure including:
 - establishing the identity of a customer, or if the identity has been previously established, verifying the identity on the basis of reliable, independent and objective sources;
 - gathering data on a customer, or if data have been gathered, verifying the gathered data on the basis of reliable, independent and objective sources;
- 18) **anonymous legal person** means a foreign legal person with unknown owners and/or managers;
- 19) **senior manager** means a person in charge of a reporting entity who is responsible for managing the risk of money laundering and terrorist financing and who possesses necessary knowledge of the reporting entity's money laundering and terrorist financing risk exposure, and he can be a member of the board of directors;
- 20) **financial group** means a group comprised of:
 - parent company with head office in Montenegro, dependent companies and companies where these companies have direct or indirect

participation in capital or voting rights of at least 20% and involve themselves in the annual consolidated financial statement in accordance with the law;

- companies that are mutually linked by joint management;
 - legal or natural persons that have direct or indirect participation in capital or voting right of at least 20% in legal persons from financial sector;
- 21) **controlling person** means a legal or natural person which, in relation to the dependent company, meets one of the following conditions:
- They have majority voting rights in dependent company;
 - They are shareholders or they possess share and have right to appoint or recall the majority of the board of directors members, supervising board or other management or supervising bodies;
 - They have a direct or indirect participation in capital or voting rights, of at least 20% in dependent company;
- 22) **companies linked by joint management** are companies that are not connected as a parent and dependent company but they are connected in one of the following manners:
- companies are equal and linked by joint management in accordance with the concluded agreement or statute;
 - majority of the members of the board of directors or supervising bodies or executive directors are the same persons;
- 23) **financial sector** is a sector consisted of one or more legal persons, as follows:
- credit institutions, financial institutions, companies for auxiliary services or leasing companies;
 - investment companies;
 - insurance and re-insurance companies and pension insurance companies;
- 24) **person** means domestic or foreign natural or legal person;
- 25) **insurance agent** means a natural person that possesses a licence, issued by Insurance Supervision Agency, for performing insurance representation activities;
- 26) **insurance intermediary** means legal or natural person that possesses a licence, issued by Insurance Supervision Agency, for performing insurance intermediation activities;
- 27) **persons providing business or fiduciary services** means legal or natural persons providing services to third parties, as follows:
- founding legal persons and other forms of legal organizing;
 - acting as or nominating other person to act as director, secretary of the company or perform similar function for other legal persons;

- providing registered offices, business addresses and other related services;
- acting as or enabling other person to act as trustee of a fund or similar foreign legal person that receives, manages or distributes funds for certain purpose, excluding investment pension funds management companies;
- using or enabling other person to use other person's shares for executing voting rights, excluding companies whose financial instruments are traded on the stock or organized markets where the EU standards or the international standards requiring data publishing are applied.

II DUTIES AND OBLIGATIONS OF REPORTING ENTITIES

1. Measures and actions undertaken by reporting entities

Types of measures and actions

Article 6

Reporting entities shall, when conducting their activities, undertake measures and actions in accordance with this Law, in particular the following:

- 1) identify the risk and conduct risk assessment (hereinafter: risk analysis) and undertake activities for decreasing the risk of money laundering and terrorist financing;
- 2) carry out customer identification and verify customer's identity on the basis of reliable, independent and objective sources and monitor customer's business activities (hereinafter: customer due diligence – CDD);
- 3) provide information, data, and documents to the administration authority competent for preventing money laundering and terrorist financing (hereinafter: Administration);
- 4) designate compliance officers for implementing measures of detection and prevention of money laundering and terrorist financing and his/her deputy, as well as provide conditions for their work;
- 5) organize regular professional training and improvement of employees;
- 6) develop and regularly update the list of indicators for the identification of suspicious customers and transactions;
- 7) keep records and ensure protection and keeping data and documents obtained in accordance with this Law;

- 8) establish and monitor a system that enables providing complete and timely response to the requests of the Administration and competent state authorities in accordance with the Law;
- 9) apply measures of detection and prevention of money laundering and terrorist financing in business units and companies that are majority-owned by reporting entities in foreign countries.

Risk Analysis **Article 7**

- (1) A reporting entity shall, within 60 days since the date of its establishment, develop the risk analysis for determining the risk assessment of an individual customer, a group of customers, a country or geographic areas, business relationship, transaction or product related to the possibility of misuse for the purpose of money laundering or terrorist financing and to update it regularly and keep it in accordance with this Law.
- (2) A reporting entity shall, on the basis of risk analysis undertake appropriate activities for decreasing the defined risk of money laundering and terrorist financing.
- (3) A reporting entity shall prepare the risk analysis on the basis of guidelines on risk analysis determined by the competent authorities from Article 94 of this Law, in accordance with the regulation passed by state administration authority competent for financial affairs (hereinafter: the Ministry).
- (4) The regulation from the paragraph 3 of this Article shall determine more specific criteria for developing guidelines in accordance with reporting entity's size and composition, scope and type of affairs, customer categories, type of products, manner of communication with customers (usage of technological means – internet, automated teller machine and similar tools) and other elements significant for assessing money laundering and terrorist financing risks.
- (5) If there is no risk of money laundering or terrorist financing, a reporting entity can assign a customer, group of customers, a business relationship, a product or a transaction to low risk category, based on the regulation from the paragraph 3 of this Article.
- (6) The Administration shall prepare the professional opinion for making the regulation from paragraph 3 of this Article, after obtaining the opinion of the supervisory bodies from Article 94 of this Law.

Customer Due Diligence Measures
Article 8

(1) A reporting entity shall conduct the customer due diligence measures and particularly the following:

- 1) to identify and verify a customer's identity based on documents, data and information from reliable, independent and objective sources;
- 2) to identify a beneficial owner of customer and verify his identity in the cases defined in this Law;
- 3) to obtain data on the purpose and nature of a business relationship or purpose of transaction and other data in accordance with this Law;
- 4) to monitor regularly the business activities that a customer undertakes with the reporting entity and verify their compliance with the nature of a business relationship and the usual scope and type of customer's affairs.

(2) A reporting entity from Article 4 paragraph 2 items 9 and 10 of this Law, shall, when concluding a contract on life insurance, conduct identification of the user of a life insurance policy, as follows:

- 1) wh en a natural or legal person is named as a beneficiary- by taking data on the personal name, or the name of a beneficiary;
- 2) wh en a beneficiary is designated by characteristics, class or in other manner - by obtaining information on those beneficiaries, to the extent sufficient for establishing the identity of the beneficiary at the time of payout.

(3) Verification of the identity of the beneficiary from paragraph 2 of this Article shall be conducted at the time of payout.

(4) In case of assigning, in whole or in part, the rights under insurance policy to a third party, a reporting entity shall identify the new beneficiary at the time of assigning the rights under insurance policy.

(5) A reporting entity shall, in its internal acts, establish procedures for conducting

measures from paragraphs 1 and 2 of this Article.

Cases in which CDD measures shall be conducted **Article 9**

- (1) A reporting entity shall conduct the measures from Article 8 of this Law and particularly in the following cases:
- 1) when establishing a business relationship with a customer;
 - 2) when executing one or more linked transactions in the amount of €15,000 or more;
 - 3) when there is a suspicion about the accuracy or veracity of the obtained customer identification data;
 - 4) when there is a suspicion of money laundering or terrorist financing related to the transaction or customer;
 - 5) for natural or legal persons trading in goods, when executing cash transactions in the amount of € 7 500 or more, regardless of whether the transaction is executed as a single transaction or a number of mutually linked transactions.
- (2) A reporting entity shall also apply measures from Article 8 of this Law on the customers with whom it has already established business relationship (existing customers) and obtain all data in accordance with this Law.
- (3) When carrying out a transaction in the amount of at least € 2,000 an organizer of special games of chance shall verify the identity of a customer and obtain the data from the Article 79 item 5 of this Law.
- (4) In the context of this Law, the following shall also be considered as establishing a business relationship:
- 1) customer registration for participating in the system of organizing games of chance with the organizers that organize games of chance on the Internet or by other telecommunication means, and
 - 2) customer's access to the rules of managing a mutual fund at managing companies.

Customer identification and verification before establishing a business relationship

Article 10

- (1) A reporting entity shall apply the measures from Article 8 paragraph 1 items 1, 2 and 3 of this Law prior to establishing a business relationship with a customer.
- (2) By way of exception from paragraph 1 of this Article, a reporting entity can apply customer verification measures from Article 8 paragraph 1 items 1 and 2 of this Law during the establishment of a business relationship with a customer when a reporting entity estimates it is necessary and when there is insignificant risk of money laundering or terrorist financing.
- (3) When concluding a life insurance contract the reporting entity from Article 4 paragraph 2 item 9 and 10 of this Law can verify the identity of the insurance policy beneficiary even after concluding the insurance contract, but not later than the time when the beneficiary according to the policy can exercise his/her rights.
- (4) If a reporting entity cannot conduct measures from paragraph 1 of this Article, the business relationship must not be established, and if the business relationship has already been established it must be terminated.

Customer identification and verification when executing a transaction

Article 11

- (1) When executing transactions from Article 9 paragraph 1 item 2 of this Law a reporting entity shall apply the measures from Article 8 paragraph 1 items 1, 2 and 3 of this Law before the execution of a transaction.
- (2) If the reporting entity cannot undertake the measures from paragraph 1 of this Article the transaction must not be executed.

Refusal to establish a business relationship and execute a transaction

Article 12

A reporting entity that cannot conduct measures from Article 8 paragraph 1 items 1, 2 and 3 of this Law shall refuse to establish the business relationship and execute

the transaction, i.e. he/she/it shall act in accordance with Article 10 paragraph 4 and Article 11 paragraph 2 of this Law, and based on the already obtained information and data on a customer or transaction he/she/it may prepare a report on a suspicious customer or transaction and submit it to the Administration in accordance with Article 41 of this Law.

Exemptions from application of customer due diligence measures

Article 13

- (1) Insurance companies conducting life insurance business and branches of foreign insurance companies licensed to conduct life insurance business in Montenegro, founders, managers of pension funds, and legal and natural persons performing representation and brokerage activities in insurance, in cases of concluding life insurance contracts, are not obliged to conduct customer due diligence measures when:
 - 1) concluding life insurance contracts where an individual instalment of premium or more instalments of premium, payable in one calendar year, do not exceed the amount of €1, 000, or where the payment of a single premium does not exceed the amount of €2, 500;
 - 2) concluding pension insurance business providing that it is:
 - insurance within which it is not possible to assign the insurance policy to a third person or to use it as security for a credit or borrowing;
 - conclusion of a collective insurance contract ensuring the right to a pension.
- (2) Institutions that issue electronic money and their subsidiaries do not need to conduct customer due diligence measures when:
 - 1) issuing electronic money, if a single maximum value issued on the electronic data carrier where it is not possible to re-deposit value, does not exceed the amount of €150;
 - 2) issuing and dealing with electronic money, if the total amount of deposits is kept on the electronic data carrier where it is possible to re-deposit value, and which in the current calendar year does not exceed the amount of €2,500, unless the holder of electronic money in the same calendar year cashes the amount of at least €1,000;
- (3) The provisions of paragraphs 1 and 2 of this Article do not apply to cases when in relation to a transaction or customer there is a suspicion of money laundering or terrorist financing.

2. Application of measures of establishing and verifying customer's identity

**Establishing and verifying the identity of natural person and of authorized
person
Article 14**

- (1) A reporting entity shall establish and verify the identity of a customer that is a natural person or his/her legal representative, entrepreneur, or a natural person carrying out business activity, by checking the customer's personal identification document in his/her presence and shall obtain data from Article 79 item 4 of this Law. In case the required data cannot be established on the basis of the submitted identification document, the missing data shall be obtained from other valid official document submitted by a customer.
- (2) Identity of a customer from paragraph 1 of this Article can be established on the basis of a qualified electronic certificate of a customer, issued by a certification service provider in accordance with the regulations, and when establishing the identity a reporting entity shall enter the data on the customer from the qualified electronic certificate into data records from Article 78 of this Law.
- (3) The data that cannot be obtained from a qualified electronic certificate in accordance with paragraph 2 of this Article, shall be obtained from the copy of the personal identification document submitted to a reporting entity by a customer in written or electronic form, and if it is not possible to obtain all required data in that manner, the missing data shall be obtained directly from the customer.
- (4) Certification service provider from paragraph 2 of this Article that has issued a qualified electronic certificate to a customer shall, upon a reporting entity's request, without delay submit the data on the manner of establishing and verifying the identity of a customer who is a holder of the qualified electronic certificate.
- (5) When establishing the identity of a customer from paragraph 1 of this Article, a reporting entity shall obtain a photocopy of personal document (e.g. identification card, passport, driving license or similar documents containing a photo of a person whose identity a reporting entity is establishing or verifying) on which he/she enters date, time and personal name of a person that checked the photocopy. A reporting entity shall keep the photocopy of a personal document in accordance with this Law.
- (6) Establishing and verifying the identity of a customer using a qualified electronic certificate is not permitted when:
 - 1) opening accounts with reporting entities from Article 4 paragraph 2 items 1 and 2 of this Law, except in the case of opening a temporary deposit account for paying in founding capital;

- 2) there is a suspicion of qualified electronic certificate misuse or when a reporting entity determines that the circumstances that have significant effect on the certification validity have changed.
- (7) If an authorized person is establishing business relationship or executing a transaction on behalf of a customer, natural person or his/her legal representative, entrepreneur, or a natural person carrying out business activity, a reporting entity shall:
- 1) identify and verify the identity of the authorized person by checking personal identification documents in this person's presence and obtain data from article 79 item 3 of this Law;
 - 2) identify and verify the identity of the customer, on whose behalf the authorized person acts, and obtain data from Article 79 item 4 of this Law from the original of written power of attorney or its photocopy certified in accordance with law.
- (8) If a reporting entity, when establishing and verifying the identity of the authorized person, doubts the veracity of obtained data it shall obtain from a customer a written statement on the veracity of those data.
- (9) If a reporting entity, when establishing and verifying the identity of the representative of a natural person, doubts the veracity of obtained data or authenticity of identification documents and other business files from which the data have been obtained, it shall request from the representative or the customer a written statement on the veracity of those data.

Establishing and verifying the identity of a legal person

Article 15

- (1) A reporting entity shall establish and verify the identity of a customer that is a legal person and obtain the data from Article 79 item 1 of this Law by checking the original or certified copy of the document from the Central Business Register (hereinafter: CBR) or other appropriate public register, submitted by the representative on behalf of a legal person.
- (2) The document from paragraph 1 of this Article must not be older than three months of its issue date.
- (3) A reporting entity can establish and verify the identity of a legal person and obtain data from Article 79 item 1 of this Law by checking the CBR or other appropriate public register.
- (4) On the register extract from paragraph 3 of this Article a reporting entity shall state date and time and the name of the person that has made the check.
- (5) A reporting entity shall obtain data from Article 79 items 2, 6 and 9- 13 of this Law by checking the originals or certified copies of identification documents and other business files. If data cannot be determined by checking

identification documents and other business files, the missing data shall be obtained directly from the representative or authorized person.

- (6) A reporting entity shall keep the original or certified copy of the customer's document in its files.
- (7) If, when establishing and verifying the identity of a legal person, a reporting entity doubts the accuracy of the obtained data or veracity of identification documents and other business files from which the data have been obtained, he/she shall obtain from the representative or authorized person a written statement on the accuracy of those data before establishing a business relationship or executing a transaction.
- (8) If a customer is a foreign legal person performing activities in Montenegro through its business unit, a reporting entity shall establish and verify the identity of that foreign legal person and its business unit.

**Establishing and verifying the identity of the representative
of a legal person
Article 16**

- (1) A reporting entity shall establish and verify the identity of the representative of a legal person and obtain data from Article 79 item 2 of this Law by checking the personal identification document of the representative in his/her presence. If the required data cannot be determined from the personal identification document, the missing data shall be obtained from other official document submitted by the representative or authorized person.
- (2) If a reporting entity, when establishing and verifying the identity of a legal person's representative, doubts the veracity of obtained data it shall require his/her written statement on the veracity of those data.
- (3) A reporting entity shall, when establishing identity of the representative of a legal person, obtain photocopy of personal identification documents of that person in accordance with Article 14 paragraph 5 of this Law.

**Establishing and verifying the identity of the authorized person of a legal
person
Article 17**

- (1) If an authorized person, in the name of a representative, establishes a business relationship or executes a transaction on behalf of a legal person, a reporting entity shall establish and verify the identity of the authorized person and obtain data from Article 79 item 2 of this Law by checking the personal identification document of the authorized person in his presence.

- (2) If the required data cannot be determined from the personal identification document of the authorized person, the missing data shall be obtained from other official document submitted by the authorized person.
- (3) A reporting entity shall obtain data from paragraph 1 of this Article on the representative in whose name the authorized person acts, from the original of written power of attorney issued by the representative or its copy certified in accordance with law.
- (4) If a reporting entity doubts the accuracy of the obtained data when establishing and verifying the identity of the representative and authorized person that acts in the name of the representative, it shall obtain their written statements.
- (5) When establishing the identity of the representative of a legal person and of the authorized person, a reporting entity shall obtain photocopy of personal identification documents of that person in accordance with Article 14 paragraph 5 of this Law.

Establishing and verifying the identity of other persons, i.e. the entities equal to them
Article 18

- (1) When the customer is other person, i.e. entity equal to it, a reporting entity shall:
 - 1) establish and verify the identity of its representative;
 - 2) obtain a written representation power of attorney;
 - 3) obtain the data from Article 79 item 2 of this Law.
- (2) A reporting entity shall establish and verify the identity of the representative from paragraph 1 item 1 of this Article and obtain the data from Article 79 items 2 and 15 of this Law by checking a personal identification document of the representative in his/her presence, and if the required data cannot be determined from the personal identification document, the missing data shall be obtained from other official document submitted by the representative or authorized person.
- (3) If, when establishing and verifying the identity of the representative of the customer from paragraph 1 of this Article, a reporting entity doubts the accuracy of the obtained data or authenticity of the identification documents and other business files from which the data have been obtained, he/she shall obtain a written statement from the customer's representative.

Special cases of establishing and verifying customer's identity
Article 19

- (1) A reporting entity shall establish and verify customer's identity, in accordance with this Law, particularly in the following cases:
 - 1) when a customer enters the premises where special games of chance are organized;
 - 2) on any approach of a lessee or his/her representative, or a person he/she has authorized, to the safe deposit box
- (2) When establishing and verifying the customer's identity in accordance with paragraph 1 of this Article an organizer of games of chance or a reporting entity engaged in the activity of safekeeping shall obtain the data from Article 79 items 5 and 7 of this Law.
- (3) When establishing identity of the customer from paragraph 1 of this Article a reporting entity shall obtain photocopy of personal identification document of that person in accordance with Article 14 paragraph 5 of this Law.

3. Establishing the beneficial owner

Beneficial Owner Article 20

- (1) Beneficial owner is the natural person who ultimately owns or controls the customer and/or the natural person on whose behalf a transaction is being conducted or a business relationship established, as well as the person that ultimately exercises control over a legal entity or legal arrangement.
- (2) A beneficial owner of a business organization, or legal person, in the context of this Law, shall be:
 - 1) a natural person who indirectly or directly owns at least 25% of the shares, voting rights and other rights, on the basis of which he/she participates in the management, or owns more than 25% share of the capital or has a dominating influence in the management of the assets of the business organization or legal person;
 - 2) a natural person that indirectly has ensured or ensures funds to a business organization or legal entity and on that basis has the right to influence significantly the decision making process of the managing body of the business organization or legal entity when decisions concerning financing and business are made
- (3) As a beneficial owner of a foreign legal person or other form of legal organizing (trust, fund and the like) that receives, manages or allocates assets for certain purposes, in the context of this Law, shall be considered a natural person that:
 - 1) indirectly or directly controls at least 25% of a legal person's asset or of a similar foreign legal entity;

- 2) is determined or determinable as a beneficiary of at least 25% of the income from property that is being managed.

Establishment of a beneficial owner of a legal person or foreign legal person
Article 21

- (1) A reporting entity shall establish the beneficial owner of a legal person or foreign legal person by obtaining data from Article 79 item 14 of this Law.
- (2) A reporting entity shall obtain the data from paragraph 1 of this Article by checking the original or certified copy of the documents from the CBR or other appropriate public register that must not be older than three months of their issue date or obtain them by checking CBR or other public register in accordance with Article 15 paragraph 4 of this Law.
- (3) If a reporting entity cannot obtain all the data on the beneficial owner of the legal person or of foreign legal person in accordance with paragraph 2 of this Article, a reporting entity shall obtain the missing data by checking the original or certified copy of an identification document or other business documents submitted by the representative or authorized person of the legal person.
- (4) If a reporting entity cannot obtain all the data on the beneficial owner of the legal person or of foreign legal person in accordance with paragraph 3 of this Article, a reporting entity shall obtain those data from the written statement of the representative or authorized person.
- (5) A reporting entity shall verify the data on beneficial owner of a legal person or foreign legal person to the extent that ensures complete and clear insight into the beneficial ownership and managing authority of a customer in accordance with risk-degree assessment.
- (6) When establishing the identity of the beneficial owner of a legal person or foreign legal person a reporting entity shall obtain photocopy of a personal identification document of that person in accordance with Article 14 paragraph 5 of this Law.

Establishing and verifying customer's identity through third party
Article 22

- (1) Under the conditions provided for by this Law, when establishing business relationship with a customer, a reporting entity may entrust the implementation of the measures from Article 8 paragraph 1 items 1, 2 and 3 of this Law to a third party that meets the requirements defined by this Law.
- (2) A third party may be a reporting entity from Article 4 paragraph 2 items 1, 5, 6, 7 and 10 of this Law.

- (3) A reporting entity must not accept measures from Article 8 paragraph 1 items 1, 2 and 3 of this Law, conducted by a third party if the third party did not establish and verify customer's identity in his/her presence.
- (4) A reporting entity is responsible for the proper establishing and verifying identity of a customer through third party.

Prohibition of establishing and verifying customer's identity through third party
Article 23

- (1) A reporting entity must not entrust the application of measures of establishing and verifying customer's identity to a third party when a customer is a shell bank or anonymous company.
- (2) A reporting entity must not entrust the application of measures of establishing and verifying customer's identity to a third party from a country that is on the list of countries that do not apply the standards in the area of money laundering and terrorist financing.
- (3) The list of countries that do not apply the standards from paragraph 2 of this Article is published by the Administration on its website based on the data of international organizations.

Obtaining data and documents from a third party
Article 24

- (1) The third person that carries out customer identification and verification in accordance with Article 22 of this Law shall deliver to the reporting entity the obtained data and documents on the customer.
- (2) If the reporting entity doubts the validity of the conducted application of the measures of establishing and verifying customer's identity or the veracity of obtained data on the customer, it shall demand a written statement from the third party on the credibility of the establishing and verifying customer's identity measures or of the obtained data on a customer.

Third party obligations
Article 25

- (1) The third party from Article 22 of this Law shall:
 - 1) Upon a request of a reporting entity, it shall without delay provide copies of identification documents and other documents upon which it has established and verified customer's identity and obtained data and documents;
 - 2) when there is a suspicion of money laundering or terrorist financing in

- relation to a transaction (regardless to the amount or type) or customer it shall provide data from Article 79 of this Law to the Administration;
- 3) it shall keep the obtained copies of identification documents and documentation in accordance with this Law.

4. Obtaining data on a customer, business relationship, product, transaction, monitoring business activities and repeated annual control

Obtaining data on a customer, business relationship, product and transaction Article 26

- (1) W
When establishing and verifying customer's identity in the case from Article 9 paragraph 1 item 1 of this Law a reporting entity shall obtain data and keep records from Article 79 items 1, 2, 4, 6, 7 and 14 of this Law.
- (2) W
When establishing and verifying customer's identity and monitoring customer's business in the case from Article 9 paragraph 1 item 2 of this Law a reporting entity shall obtain data and keep records from Article 79 items 1-4, 7-11 and 13 of this Law.
- (3) W
When establishing and verifying customer's identity and monitoring customer's business in the case from Article 9 paragraph 1 items 3 and 4 of this Law a reporting entity shall obtain data and keep records from Article 79 of this Law.

Monitoring business activities Article 27

- (1) A
reporting entity shall apply the measures of monitoring customer's business activities, including the sources of funds the customer uses for business.
- (2) Me
Measures from paragraph 1 of this Article shall particularly include the following:
- 1) ve
verifying the compliance of customer's business with the nature and purpose of contractual relationship;
 - 2) mo
monitoring and verifying the compliance of customer's business with the usual scope of her/his affairs, and
 - 3) mo

monitoring and regular updating of identification documents and data on a customer, which includes conducting repeated annual control of a customer in the cases from Article 28 of this Law.

- (3) A reporting entity shall ensure and adjust the dynamics of undertaking measures from paragraph 1 of this Article to the risk of money laundering and terrorist financing, to which a reporting entity is exposed when performing certain work or when dealing with a customer.

Repeated annual control Article 28

- (1) If a foreign legal person executes transactions from Article 9 paragraph 1 of this Law with a reporting entity, the reporting entity shall, in addition to monitoring business activities from Article 27 of this Law, conduct repeated annual control of a foreign legal person at least once a year, and not later than after the expiry of one-year period since the last control of the foreign legal person.

- (2) By the way of exception to paragraph 1 of this Article a reporting entity shall, at least once a year, and not later than after the expiry of one-year period since the last control of a customer, also conduct repeated control when the customer executing transactions from Article 9 paragraph 1 of this Law is a legal person with a registered office in Montenegro, if the foreign capital share in that legal person is at least 25%.

- (3) Repeated annual control of a customer from paragraphs 1 and 2 of this Article shall include:

- 1) ob
maintaining or verifying data on the company, address and registered office;
- 2) ob
maintaining data on personal name and permanent and temporary residence of a representative;
- 3) ob
maintaining data on a beneficial owner, and
- 4) ob
maintaining the power of attorney from Article 17 paragraph 3 of this Law.

- (4) If the business unit of a foreign legal person executes transactions from Article 9 paragraph 1 of this Law on behalf and for the account of a foreign legal person, a reporting entity, when conducting repeated control of a foreign

legal person, in addition to data from paragraph 3 of this Article, shall also obtain:

- 1) data on the address and registered office of the business unit of the foreign legal person;
 - 2) data on personal name and permanent residence of the representative of the foreign legal person business unit.
- (5) A reporting entity shall obtain the data from paragraph 3 items 1, 2 and 3 of this Article by checking the original or certified copy of the documents from the CBR or other appropriate public register that must not be older than three months of its issue date, or by checking the CBR or other appropriate public register.
- (6) If the required data cannot be obtained by checking the documents, the missing data shall be obtained from the original or certified copy of documents and other business files, delivered by a legal person upon a reporting entity's request, or directly from a written statement of the representative of a legal person from paragraphs 1 and 2 of this Article.
- (7) By the way of exception to paragraphs 1-5 of this Article a reporting entity does not need to conduct repeated control of the foreign legal person from Article 37 paragraph 2 of this Law.

5. Special types of customer due diligence

Article 29

Special types of customer due diligence, in the context of this Law, shall be:

- 1) enhanced customer due diligence,
- 2) simplified customer due diligence.

Enhanced customer due diligence

Article 30

- (1) A reporting entity shall conduct enhanced customer due diligence in the following cases:

- 1) on entering into correspondent relationship with a bank or other credit institution, with registered office outside the European Union or in a country that is not on the list of countries applying international standards in the area of money laundering and terrorist financing that are on the level of EU standards or higher;
 - 2) on entering into business relationship or executing a transaction from Article 9 paragraph 1 item 2 of this Law with a customer that is a politically exposed person or the beneficial owner of a customer is a politically exposed person;
 - 3) in cases of unusual transactions;
 - 4) in cases of electronic money transfer;
 - 5) when using new technology.
- (2) The Administration shall, upon the international organizations data, publish on its site the list of countries that apply international standards in the area of preventing money laundering and terrorist financing.
- (3) A reporting entity shall apply enhanced customer due diligence measures in cases when, based on high risk factors, it conducts, and in all other cases, when in accordance with the Article 7 of this Law, it estimates that regarding the nature of a business relationship, the form and manner of executing a transaction, business profile of the customer or other circumstances related to the customer, there is or there could be a high risk of money laundering or terrorist financing.
- (4) The high risk factors of money laundering and terrorist financing from paragraph 3 of this Article shall be prescribed by the Ministry.

Correspondent banking relationships with credit institutions of other countries

Article 31

- (1) When establishing a correspondent relationship with a bank or other credit institution that has a registered office outside the European Union or outside the countries from the list of countries that apply international standards in the area of preventing money laundering and terrorist financing that are on the level of EU standards or higher, a reporting entity shall, in addition to the measures from Article 10 of this Law, also obtain the following data, information and documents:
- 1) on the issue and expiry date of the license for providing banking services and the name and registered office of the competent body that issued the license;
 - 2) on the internal procedures conducted with a view to detecting and preventing money laundering and terrorist financing, and in particular, customer verification procedures, establishing beneficial owners, reporting data on suspicious transactions and customers to competent

bodies, records keeping, internal control and other procedures, that a bank or other credit institution has established in relation to preventing and detecting money laundering and terrorist financing;

- 3) on the evaluation of the internal control of the application of preventing money laundering and terrorist financing measures with the correspondent bank or other credit institution;
 - 4) on the legal and institutional organization of the system in the area of detecting and preventing money laundering and terrorist financing, applied in the other country where the bank or other credit institution has a registered office or where it has been registered;
 - 5) a written statement issued by a bank or other credit institution in the state where it has a registered office or where it has been registered, that, in compliance with legislation of that state, it is obliged to apply appropriate regulations in the area of detecting and preventing money laundering and terrorist financing, including the information on whether it is under an investigation related to money laundering or terrorist financing or if measures have been undertaken against it by the competent authorities;
 - 6) a written statement that a bank or other credit institution does not operate as a shell bank;
 - 7) a written statement that a bank or other credit institution has not established or it does not establish business relationships or executes transactions with shell banks;
 - 8) written consent from a senior management of a reporting entity for establishing a business relationship with a customer obtained before establishing that business relationship;
 - 9) a written statement that a bank or other credit institution has with respect to payable-through accounts, verified the identity and performed ongoing procedure with a customer having direct access to accounts of the correspondent and that it is able to provide relevant data from the procedure with the customer.
- (2) A reporting entity shall also apply the enhanced customer due diligence measures from paragraph 1 of this Article when establishing a correspondent relationship with a bank or other credit institution located in a country from the list of countries that apply international standards in the area of preventing money laundering and terrorist financing that are on the level of EU standards or higher, if it estimates that there is high risk of money laundering or terrorist financing.
- (3) A reporting entity shall obtain the data from paragraph 1 of this Article by checking the identification documents and business files provided for by the bank or other credit institution that has a registered office outside the European Union or outside the countries from the list from paragraph 2 of

this Article, or from public or other available data records.

Politically exposed persons
Article 32

(1) A domestic politically exposed person is a Montenegrin citizen performing public function, as follows:

- 1) president of Montenegro, president of the Parliament of Montenegro, prime minister and members of the Government;
- 2) member of Parliament;
- 3) state secretary, general director and secretary in the ministry, head of administration authorities and his deputy;
- 4) mayor, his deputy and the president and vice-president of the municipality and the president, president of the Assembly of the municipality, the Capital and the Old Royal Capital;
- 5) the president and judges of the Supreme Court of Montenegro and the president and judges of the Constitutional Court of Montenegro;
- 6) member of the Senate of the State Audit Institution and the Council of Central Bank;
- 7) ambassador, consul, Chief of Staff of the Military of Montenegro, the general and admiral of the Military of Montenegro;
- 8) director, deputy and member of the managing or supervisory bodies of legal persons whose majority owner is the State;

(2) A foreign politically exposed person is a foreign citizen nominated or assigned public function by a foreign state or international organization, such as:

- 1) president of a state, prime minister, ministers and their deputies;
- 2) members of Parliament;
- 3) members of the Supreme and the Constitutional courts or of other high-level judicial bodies whose judgments are not subject to further regular or extraordinary legal remedies, save in exceptional cases;
- 4) members of courts of auditors, or supreme audit institutions and of the councils of central banks;

- 5) ambassadors, consuls and high-ranking officers in the armed forces;
 - 6) members of the managing or supervisory bodies of legal persons whose majority owner is the state;
 - 7) directors, director deputies and members of board or equivalent functions in international organization.
- (3) Close family members of the person from paragraph 1 of this Article and their close associates shall also be deemed politically exposed persons.
 - (4) Close family members of the person from paragraphs 1 and 2 of this Article shall include the spouse or extra-marital partner and the children born in a marital or extra-marital relationship and adoptees, their spouses or extra-marital partners, parents, brothers and sisters.
 - (5) Close associate of the person from paragraph 1 of this Article shall include:
 - 1) any natural person who is known to have joint ownership of legal entities, established business relationship or any other close business relations, with a politically exposed person;
 - 2) any natural person who has ownership of a legal entity or has established business relations for the benefit of the politically exposed person.
 - (6) A person from paragraphs 1 and 2 of this Article shall be considered as a politically exposed person for the period of time not less than 18 months since the date of ceasing to hold the office.
 - (7) The list of politically exposed persons from paragraph 1 of this Article shall be defined by the Administration and published on its website.

CDD measures related to politically exposed persons

Article 33

- (1) When conducting enhanced customer due diligence measures for the customer that is a politically exposed person, in addition to the measures from Article 8 of this Law, a reporting entity shall:
 - 1) obtain data on the sources of funds and property that are the subject of a business relationship or transaction, from the documents submitted by a customer, and if the prescribed data cannot be obtained from the submitted documents, the data shall be obtained directly from a customer's written statement;
 - 2) obtain a written consent from a senior management before establishing business relationship with a customer, and if the business relationship has already been established, obtain a written consent from a senior management for continuing the business relationship;

- 3) establish whether the customer is the beneficial owner of a legal person or a foreign legal person, or a natural person on whose behalf the business relationship is established, transaction is executed or other activity performed;
 - 4) after establishing a business relationship, monitor with special attention transactions and other business activities carried out with an institution by a politically exposed person or the customer whose beneficial owner is a politically exposed person.
- (2) A reporting entity shall, in accordance with the guidelines of a competent authority from Article 94 of this Law make an internal act containing the procedures that are based on risk analysis and apply them when identifying the customer or beneficial owner of a customer who is a politically exposed person.

Wire transfers

Article 34

- (1) A reporting entity that is a payment service provider shall obtain accurate and complete data on a payer and enter them into a form or message accompanying wire transfer, sent or received in any currency that is the subject of the wire transfer.
- (2) The wire transfer shall be accompanied with the data from paragraph 1 of this Article when passing through the payment chain.
- (3) A payment service provider, that is an intermediary service provider or payee, shall refuse to execute funds transfer if the data on payer are not complete and/or shall require payer data supplement in the shortest possible period of time.
- (4) When gathering data referred to in the paragraph 1 of this Article, the payment service provider shall identify the payer by using a personal identification document issued by a competent authority.
- (5) The content and type of data from paragraph 1 of this Article and the other activities of the payment service provider, as well as the exceptions in collecting data when executing funds transfer that represents insignificant risk for money laundering and terrorist financing shall be defined by the regulation of the Ministry.

Unusual transactions

Article 35

- (1) A reporting entity shall analyse all unusually large transactions, as well as unusual transactions that have no apparent economic or legal purpose.
- (2) A reporting entity shall record in writing the findings of the analysis from paragraph 1 of this Article and deliver them, upon the request of the Administration or the competent authority from Article 94 of this Law.
- (3) A reporting entity shall, by an internal act, in accordance with the Article 7 of this Law, determine the criteria for recognizing unusual transactions.

New technologies

Article 36

- (1) Banks and other financial institutions shall take measures and actions to eliminate money laundering and terrorist financing risks that may arise from new developing technologies that might allow anonymity (internet banking, using ATMs, etc.).
- (2) Banks and other financial institutions shall adopt internal procedures in accordance with Article 7 paragraph 3 of this Law with a view to preventing the new technologies use for the purpose of money laundering or terrorist financing.

Simplified customer due diligence

Article 37

- (1) If there is insignificant risk of money laundering or terrorist financing in relation a customer, transaction from Article 9 paragraph 1 items 2 and 5 of this Law, a business relationship or product, and if there is not a suspicion of money laundering or terrorist financing a reporting entity can apply simplified customer due diligence.
- (2) A reporting entity can apply simplified customer due diligence from paragraph 1 of this Article on customers, business relationships, transactions or products only after it has previously established that they belong to a category with insignificant risk of money laundering or terrorist financing, based on risk factors defined by the regulation from Article 7 paragraph 3 of this Law.

Obtaining and verifying customer and transaction data

Article 38

- (1) Simplified customer due diligence from Article 37 of this Law shall include

obtaining data when:

- 1) establishing a business relationship, the data on:
 - the name and the registered office of a legal person that establishes, or on whose behalf and for whose account a business relationship is established;
 - the personal name of the representative or authorized person that establishes a business relationship for a legal person;
 - the purpose, nature and date of establishing a business relationship;
 - 2) executing transactions from Article 9 paragraph 1 item 2 of this Law, data on:
 - the name and the registered office of a legal person on whose behalf and for whose account a transaction is being executed;
 - the personal name of a representative or authorized person executing a transaction for a legal person;
 - date and time of executing a transaction;
 - the amount of a transaction, currency and the manner of executing a transaction;
 - the purpose of a transaction, personal name and permanent residence, or the name and registered office of a legal person whom the transaction is sent to.
- (2) A reporting entity shall obtain the data from paragraph 1 of this Article by checking the originals or certified copies of the documents from CBR or other appropriate public register submitted by a customer or by a direct check.
- (3) If the required data cannot be obtained in the manner from paragraph 2 of this Article, the missing data shall be obtained from the originals or certified copies of identification documents and other business files submitted by a customer, or from the written statement of a representative or authorized person.
- (4) Documents from paragraphs 1, 2 and 3 of this Article must not be older than three months of the issue date.

**Prohibition of providing services that enable concealment of a customer's
identity
Article 39**

A reporting entity must not, for a customer, open, or keep an anonymous account, a coded or bearer passbook or provide other service (banking product) that can indirectly or directly enable the concealment of a customer's identity.

**Prohibition of carrying on business with shell banks
Article 40**

A reporting entity must not establish, or continue a correspondent relationship with a bank that operates or could operate as a shell bank or with other credit institution known for allowing shell banks to use its accounts.

6. Reporting obligation and applying measures in business units and business organizations whose majority owners are foreign countries

Reporting obligation Article 41

- (1) A reporting entity shall provide to the Administration a report that contains accurate and complete data from Article 79 items 1 – 4 and 8-11 of this Law on any transaction executed in cash in the amount of at least € 15,000, immediately after, and not later than three working days since the day of execution of the transaction.
- (2) A reporting entity shall, without delay, provide to the Administration the data from Article 79 of this Law in all cases when in relation to the transaction (regardless of the amount and type) or customer there is a suspicion of money laundering or terrorist financing.
- (3) A reporting entity shall provide the data from paragraph 2 of this Article to the Administration before the execution of the transaction, and state the deadline within which the transaction is to be executed.
- (4) A reporting entity can provide to the Administration the data from paragraph 2 of this Article via telephone, but it shall deliver them in written form not later than the following working day from the day of providing the information via telephone.
- (5) A reporting entity shall immediately provide to the Administration a report containing the data from Article 79 of this Law after the transaction has been executed, when in relation to the transaction (regardless of the amount or type) or customer there is a suspicion of money laundering or terrorist financing.
- (6) When there is a suspicion of money laundering or terrorist financing related to a transaction and when the delay of such transaction is not possible, or it would undermine the efforts of monitoring the customer engaged into activities suspected to be related to money laundering or terrorist financing, reporting entities shall immediately notify the Administration.
- (7) Provisions from paragraphs 2, 3 and 4 of this Article shall apply to an announced transaction as well.
- (8) The manner and conditions of providing the data from paragraphs 1 -7 of this Article shall be more specifically defined by the Ministry.

Applying measures of detection and prevention of money laundering and terrorist financing in business units and business organizations whose majority owners are foreign countries

Article 42

- (1) A reporting entity shall ensure that measures of detection and prevention of money laundering and terrorist financing defined by this Law are applied to the same extent both in business units or companies in majority ownership of the reporting entity, whose registered offices are in other state, if that is in compliance with the legal system of the concerned state, or if the standards in the host country are on the level of EU member states or higher.
- (2) If the regulations of a state do not prescribe the application of measures of detection and prevention of money laundering or terrorist financing to the same extent defined by this Law, a reporting entity shall immediately inform the Administration and competent authorities from Article 94 of this Law on that and undertake measures for eliminating money laundering or terrorist financing risks.
- (3) A reporting entity that is a member of a financial group can, for the purpose of prevention money laundering and terrorist financing, exchange data on a customer and /or transaction, obtained in accordance with this Law, with other members of a financial group in Montenegro, EU member states and countries applying standards in the area of preventing money laundering and terrorist financing that are on the level of EU member states standards or higher, and during this process a reporting entity shall provide adequate protection of data/information secrecy in accordance with the Law regulating data confidentiality and personal data protection.
- (4) A reporting entity that is a member of a financial group can perform information exchange with other members of the financial group after obtaining the approval or consent of the competent state authorities conducting the investigation or performing analysis of the possible money laundering and terrorist financing in accordance with the Law.

7. Designating a compliance officer and his/her deputy and internal control and auditing

Performing the affairs of detecting and preventing money laundering and terrorist financing

Article 43

- (1) A reporting entity shall establish and apply appropriate rules regarding the procedures with a customer, reporting, keeping of data, internal control, risk

assessment, risk management and communication, with a view to prevent money laundering and terrorist financing.

- (2) Banks, other credit institutions, financial institutions and other reporting entities shall order, conduct and supervise the application of the rules from paragraph 1 of this Article in branches and other parts in majority ownership with registered offices in other countries.
- (3) Reporting entities shall, within 60 days from the date of their establishment, designate a compliance officer and his/her deputy for the affairs of detecting and preventing money laundering and terrorist financing and in accordance with Article 46 paragraph 3 notify the Administration.
- (4) By the way of exception, a reporting entity that has three or less employees is not obliged to designate a deputy compliance officer.
- (5) The reporting entities that have less than four employees the affairs of detecting and preventing money laundering and terrorist financing shall be performed by the director or other person authorized for it and reporting entity shall inform the Administration thereof.

Requirements for a compliance officer Article 44

The affairs of a compliance officer and deputy compliance officer from Article 43 of this Law can be performed by a person that:

- 1) is employed with only one reporting entity for carrying on affairs and tasks that are in accordance with the systematization act of the reporting entity or employment contract, organized in the manner ensuring fast, qualitative and timely performance of tasks defined by this Law and regulations passed on the basis of this Law, and the reporting entity shall submit the competent tax authority's certificate thereof to the Administration;
- 2) is professionally skilled for performing affairs of preventing and detecting money laundering and terrorist financing and has professional competencies for reporting entity's operations in the areas where the risk of money laundering or terrorist financing exists;
- 3) has not been finally convicted for a criminal act for which an imprisonment longer than six months is provided, and which makes him/her inadequate for performing affairs of prevention of money laundering and terrorist financing.

Compliance officer's obligations Article 45

- (1) A compliance officer from Article 43 of this Law shall perform the following affairs:
- 1) take care for establishing, functioning and developing the system of detecting and preventing money laundering and terrorist financing;
 - 2) take care for proper and timely data provision to the Administration and cooperate during the inspection procedure;
 - 3) initiate and participate in preparing and modifying operational procedures and preparing reporting entity's internal acts related to the prevention and detection of money laundering and terrorist financing;
 - 4) cooperate in preparing the guidelines for carrying out verifications related to the prevention of money laundering and terrorist financing;
 - 5) monitor and coordinate reporting entity's activity in the area of detecting and preventing money laundering and terrorist financing;
 - 6) cooperate in establishing and developing information technology for carrying out activities of detecting and preventing money laundering and terrorist financing;
 - 7) introduce initiatives and proposals to the Administration or managing or other body of a reporting entity for the improvement of the system for detecting and preventing money laundering and terrorist financing;
 - 8) prepare programs of professional training and improvement of the employees at reporting entities in the area of detecting and preventing money laundering and terrorist financing.
- (2) A compliance officer shall be directly accountable to the management or other managing or other reporting entity's body, and functionally and organizationally shall be separated from other organizational parts of the reporting entity.
- (3) In the case of his/her absence or inability to attend to his/her duties, the compliance officer shall be substituted by the person determined by a general act of a reporting entity (deputy of the compliance officer).

Working conditions for a compliance officer

Article 46

- (1) A reporting entity shall provide the compliance officer particularly with the following:
- 1) functional connection of organizational parts with the compliance officer and to regulate the manner of cooperation between organizational units and obligations and responsibilities of the employees;
 - 2) appropriate competencies for efficient performance of tasks from Article 45 paragraph 1 of this Law;

- 3) appropriate material and other conditions for work;
 - 4) appropriate spatial and technical options ensuring an appropriate degree of protecting confidential data and information he/she deals with, on the basis of this Law;
 - 5) appropriate information-technical support enabling ongoing and reliable monitoring of the activities in the area of preventing money laundering and terrorist financing;
 - 6) regular professional improvement in relation to detecting and preventing money laundering and terrorist financing;
 - 7) substitute during the absence from work.
- (2) Managing body of a reporting entity shall provide the compliance officer with assistance and support in performing the tasks defined by this Law and inform him/her on facts significant for detecting and preventing money laundering and terrorist financing.
- (3) A reporting entity shall, within 8 days since the day of designating a compliance officer, submit to the Administration the decision containing the personal data and the job position of the compliance officer and his/her deputy, as well as to inform the Administration on any change in these data, without delay, and not later than within 15 days since the day of their change.

Professional training and improvement

Article 47

- (1) A reporting entity, lawyer and notary shall ensure regular professional training and improvement of employees performing affairs of detecting and preventing money laundering and terrorist financing.
- (2) A reporting entity, lawyer and notary shall prepare the program of professional training and improvement of persons from paragraph 1 of this Article not later than the end of the first quarter of a business year.

Internal control and revision

Article 48

- (1) A reporting entity shall adopt a program for conducting the measures for preventing money laundering and terrorist financing and ensure its implementation.
- (2) A reporting entity shall ensure regular internal control and revision of the implementation of the program for preventing money laundering and terrorist financing, or ensure performing the affairs of detecting and preventing money laundering and terrorist financing.
- (3) The manner of work of a compliance officer, conducting internal control and revision, exchanging data on customers and transactions within a financial

group, keeping and protecting data, keeping records and the training of the employees at reporting entities, lawyers, notaries, revision agencies, independent auditors or natural persons providing accounting or other similar services shall be specifically defined by the regulation of the Ministry.

III TASKS AND OBLIGATIONS OF LAWYERS AND NOTARIES

Tasks and obligations of lawyers and notaries

Article 49

A lawyer or a notary shall, in accordance with this Law, implement the measures of detecting and preventing money laundering and terrorist financing, when:

- 1) he/she assists in planning and executing transactions for a customer related to:
 - purchase or sale of real estates or a business organization;
 - managing money, securities or other property of a customer;
 - opening and managing a banking account, savings deposit or the account for dealing with securities;
 - collection of funds for founding, dealing with or managing a business organization;
 - founding, dealing with or managing an institution, fund, business organization or other similar form of organization
- 2) he/she executes a financial transaction or transaction concerning real estate on behalf and for a customer.

Customer verification

Article 50

- (1) Within customer verification in the process of establishing his/her identity from Article 8 paragraph 1 items 1 and 2 of this Law, a lawyer or notary shall obtain data from Article 81 paragraph 1 items 1 - 6 and 11 of this Law.
- (2) Within customer verification from Article 9 paragraph 2 of this Law, a lawyer or notary shall obtain data from Article 81 paragraph 1 items 1 - 4 and items 7 - 11 of this Law.
- (3) In the process of applying enhanced customer due diligence measures from Article 9 paragraph 1 items 3 and 4 of this Law, a lawyer or notary shall obtain data from Article 81 paragraph 1 items 12, 13 and 14 of this Law.
- (4) A lawyer or notary shall establish and verify the identity of a customer or his/her representative, or authorized person and obtain data from Article 81 paragraph 1 items 1, 2 and 3 of this Law by checking the personal

identification document of a customer in his/her presence, or the originals or certified copy of the documentation from the CBR or other appropriate public register, that must not be older than three months of the issue date.

- (5) A lawyer or notary shall establish the beneficial owner of a customer that is a legal person or other similar forms of organizing foreign legal persons, by obtaining data from Article 81 paragraph 1 item 4 of this Law, checking the originals or certified copy of the documentation from the CBR or other public register, that must not be older than a month of the issue date.
- (6) If the required data cannot be obtained in accordance with the paragraph 5 of this Article, the missing data shall be obtained by checking the originals or certified copies of documents and other business documentation submitted by the representative of a legal person or other organizational form or its authorized person.
- (7) If the required data cannot be obtained in the manner from paragraphs 1 - 6 of this Article, the missing data, except for the data from Article 81 paragraph 1 items 12, 13 and 14 of this Law, shall be obtained directly from the customer's written statement.

Reporting on customers and transactions for which there are reasons for suspicion of money laundering and terrorist financing
Article 51

- (1) If a lawyer or notary, when performing affairs from Article 49 paragraph 1 item 2 of this Law, establishes that there is a suspicion of money laundering or terrorist financing related to a transaction or a customer, he shall inform the Administration before the execution of a transaction and in the report they shall state the deadline within which the transaction is to be executed.
- (2) The information from the paragraph 1 of this Article, a lawyer or notary can provide to the Administration via telephone, but he shall deliver it in written form not later than the following working day after the day of reporting.
- (3) The provisions of paragraphs 1 and 2 of this Article shall refer to planned transactions as well, regardless of whether the transaction has been executed later or not.
- (4) If a lawyer or notary in cases from paragraphs 1, 2 or 3 of this Article, cannot provide information to the Administration due to the nature of transaction, or the fact that it has not been executed or due to other justified reasons, he shall provide data to the Administration as soon as possible, or as soon as he finds out that there is a suspicion of money laundering or terrorist financing and substantiate the reasons for not acting in the prescribed manner from paragraphs 1, 2 and 3 of this Article.
- (5) When a customer asks for advice on money laundering or terrorist financing, a lawyer or notary shall inform the Administration without delay.

- (6) A notary shall, once a week, provide certified copies of the sales contracts referring to real estate trade, with the value exceeding €15,000 to the Administration.

Exceptions Article 52

- (1) By the way of exception to Article 51 paragraphs 1 and 2 of this Law, a lawyer is not obliged to provide the Administration with the data he obtained from a customer or data on a customer when establishing his/her legal position or representing in the proceedings conducted before court, which includes providing advice on its proposing or avoiding.
- (2) Upon the Administration's request for providing data from Article 59 of this Law, a lawyer shall, not later than 15 days after the day of receiving the request, in written form state the reasons for which he/she did not act in accordance with the request.
- (3) A lawyer is not obliged to report the Administration on cash transactions from Article 41 paragraph 1 of this Law, unless there is a suspicion of money laundering or terrorist financing related to a transaction or a customer.

IV LIST OF INDICATORS FOR IDENTIFYING SUSPICIOUS CUSTOMERS AND TRANSACTIONS

Applying the list of indicators Article 53

- (1) When establishing a suspicion of money laundering or terrorist financing and other circumstances related to the suspicion, a reporting entity, lawyer or notary shall use the list of indicators for identifying suspicious customers and transactions.
- (2) The list of indicators from paragraph 1 of this Article shall be placed in the business documentation of reporting entities, lawyers or notaries.

Defining the list of indicators Article 54

- (1) The list of indicators for identifying suspicious customers and transactions shall be defined by the Ministry.
- (2) Professional basis for the drafting of the list of indicators from the paragraph 1 of this Article prepares the Administration in cooperation with other competent bodies.

V COMPETENCIES OF THE ADMINISTRATION

Affairs and tasks of the Administration

Article 55

- (1) The Administration shall collect, keep, analyze and disseminate data, information and documents on suspicious transactions to the competent state authorities for further processing with a view to preventing and detecting money laundering and terrorist financing in accordance to the provisions of this Law.
- (2) The Administration shall at least once a year submit a report to the Government on its work and the situation in the AML/CFT area.
- (3) Provision of data, information and documentation to the Administration in accordance with this Law shall be carried out without compensation.

Powers of the Administration

Article 56

The Administration is empowered to:

- 1) initiate changes and amendments to regulations related to prevention of money laundering and terrorist financing;
- 2) prepare and compile the list of indicators for identifying customers and transactions for which there is a suspicion of money laundering and terrorist financing and to submit it to the reporting entities and other subjects that have obligations determined by this Law;
- 3) participate in training and professional improvement of reporting entity's compliance officers and competent state authorities;
- 4) to publish on its website the list of countries from the Article 30 paragraph 2 of this Law;
- 5) publish on its web site the list of countries from the Article 23 paragraph 3 of this Law;
- 6) prepare and issue recommendations or guidelines for unique implementation of this Law and regulations enacted in accordance with this Law,
- 7) at least once a year, publish statistical data related to money laundering and terrorist financing area, and especially data related to the number of suspicious transaction reports sent to the Administration, the number of investigated cases, the number of persons prosecuted, the number of persons convicted for money laundering or terrorist financing offences and data on the property that has been frozen or confiscated, and to notify the public, in

other appropriate manner, on the phenomenon of money laundering and terrorist financing.

Duties of the Administration Article 57

Upon the request of the court or state prosecutor, the Administration shall provide the available data, information and documentation from the register of persons and transactions, except for the information obtained on the basis of international cooperation for which it has not obtained dissemination approval of the competent authority of the foreign state, that the court or prosecutor need for conducting the procedure.

Data provision upon request Articles 58

- (1) After estimating that there is a suspicion of money laundering or terrorist financing the Administration can request from a reporting entity to provide the following data:
 - 1) from the records on customers and transactions kept on the basis of Article 78 of this Law;
 - 2) on the state of funds and other property of a certain customer at a reporting entity;
 - 3) on funds and asset turnover of a certain customer at a reporting entity;
 - 4) on business relationships established with a reporting entity;
 - 5) other data obtained by a reporting entity on the basis of this law, documentation and information related to performing activities in accordance with this Law as well as other data in order to monitor fulfilment of the obligations set out by this Law.
- (2) In the request from paragraph 1 of this Article the Administration shall state legal basis, the data that are to be provided, the purpose of data gathering and the deadline for their provision.
- (3) The Administration can also require the provision of data from paragraph 1 of this Article on the persons for whom it is possible to conclude that they have cooperated or participated in transactions or on the business of persons for whom there is a suspicion of money laundering or terrorist financing.
- (4) Upon the request of the Administration in cases from paragraph 1 of this Article, a reporting entity shall provide accurate and complete data and documentation that he/she/it has at his/her/its disposal.

- (5) A reporting entity shall provide data, information and documentation from paragraphs 1, 2, 3 and 4 of this Article to the Administration without delay, and not later than eight days since the day of receiving the request.
- (6) Upon the Administration's request for delivering data, information and documentation from paragraphs 1 - 4, a reporting entity shall, in cases when the request is designated as urgent, deliver the requested data without delay, not later than 24 hours after receiving the request.
- (7) The Administration can, due to extensive documentation or other justified reasons, upon the reasoned request of a reporting entity, prolong the deadline from paragraph 5 of this Article or carry out data verification at a reporting entity.
- (8) The clerk from the Administration that checks the documents at the reporting entity shall prove his/her identity with an official identity card containing ID number.

**Request to a lawyer or notary for submitting data on suspicious transactions
or persons
Article 59**

- (1) If the Administration estimates that there is a suspicion of money laundering or terrorist financing, it can request from a lawyer or notary to provide data from Article 58 of this Law necessary for detecting money laundering or terrorist financing.
- (2) The Administration can require the provision of data from paragraph 1 of this Article on the persons for whom it is possible to conclude that they have cooperated or participated in transactions or on business of persons for whom there is a suspicion of money laundering or terrorist financing.
- (3) Considering the types of data that are to be provided, terms and manners of providing data from paragraphs 1 and 2 of this Article provisions from Article 58 of this Law shall be applied.

**Request to a state authority or public powers holder
for submitting data on suspicious transactions or persons
Article 60**

- (1) If the Administration estimates that there is a suspicion of money laundering or terrorist financing, it can require state authorities or public powers holders to provide data, information and documentation necessary for detecting money laundering or terrorist financing.
- (2) The Administration shall state in the request legal basis, the data that are to be provided, the purpose of data gathering and the deadline for their provision.

- (3) The Administration can require the provision of data from paragraph 1 of this Article on the persons for whom it is possible to conclude that they have cooperated or participated in transactions or on business of persons for whom there is a suspicion of money laundering or terrorist financing.
- (4) State authorities and public powers holders shall provide the requested data, information and documentation to the Administration without delay, and not later than eight days after the day of receiving the request, or enable, without compensation, direct electronic access to the requested data and information.

Order for temporary suspension of transaction Article 61

- (1) The Administration may require in written order the reporting entity to temporarily suspend a transaction, but not longer than for 72 hours, if it evaluates that there is a suspicion of money laundering or terrorism financing, and is obliged, without delay, to notify competent authorities of it in order to take measures from their own competence.
- (2) If the last day of a deadline referred to in paragraph 1 of this Article occurs during non-working days of the competent authorities, such deadline can be extended with an order for additional 48 hours.
- (3) The reporting entity shall, without delay, take measures and actions in accordance with the order from paragraphs 1 and 2 of this Article.
- (4) With exception to the paragraph 1 of this Article, in case of urgency or other circumstances of the transaction execution, an order shall be given verbally.
- (5) The responsible person of a reporting entity shall make a note on receiving a verbal order from the paragraph 1 of this Article.
- (6) The Administration shall, without delay, provide the previously given verbal order to the reporting entity in written form.
- (7) Upon received notification of suspension of transaction, competent authorities from paragraph 1 of this Article shall act without delay in accordance with their powers and not later than 72 hours from the beginning of the temporary suspension of transaction and shall without delay notify the Administration in written form on the decision on further procedure regarding the suspended transaction.

Termination of the measures for temporary suspension of transaction Article 62

If the Administration or competent authority from the Article 61 paragraph 1 of this Law, within 72 hours from the suspension of transaction, does not notify the

reporting entity on further procedure, the reporting entity may execute the transaction upon the expiration of the deadline.

Request for ongoing monitoring of customer's financial businesses
Article 63

- (1) The Administration shall, in writing, request from the reporting entity an ongoing monitoring of customer's financial business, in relation to which there are reasons for suspicion of money laundering or terrorist financing, or other person, for whom it may be concluded that he/she has cooperated or participated in transactions or businesses activities for which there is a suspicion of money laundering or terrorism financing, and shall determine deadline within which the reporting entity is obliged to inform the Administration and provide the required data.
- (2) Reporting entity shall provide or inform the Administration on data from the paragraph 1 of this Article, before carrying out the transaction or concluding the business and state in the report the deadline estimation, within which the transaction or business should be done.
- (3) If due to the nature of transaction or business or due to other justified reasons reporting entities are not able to act as it is prescribed in paragraph 2 of this Article, they shall forward the data to the Administration as soon as they are able to do so, but not later than the next working day from the day of carrying out the transaction or concluding the business activity and they shall state the reasons for not acting in accordance with the provisions of paragraph 2 of this Article.
- (4) Ongoing monitoring of transactions from paragraph 1 of this Article shall not be longer than 3 months.
- (5) Deadline from the paragraph 4 of this Article, if there is a suspicion of money laundering and terrorism financing shall be prolonged not later than 3 months starting from the day of submitting the request from paragraph 1 of this Article.

Collecting data upon the initiative
Article 64

- (1) In case there is a suspicion of money laundering or terrorist financing regarding a certain transaction or person, the Administration may, upon a written and grounded initiative of the Court, State Prosecutor, administrative authority competent for police affairs, National Security Agency, competent tax authority, administration authority competent for the customs affairs (hereinafter: Customs authority), administration authority competent for

anticorruption and other competent state authority, as well as a competent authority from a foreign country, initiate the procedure for collecting and analyzing data, information and documentation.

- (2) The written initiative from the paragraph 1 of this Article shall include the explained reasons, or circumstances, that indicate the suspicion of money laundering or terrorist financing, and that are necessary for undertaking the needed measures and actions as well as data on the person, transaction and business relationship that are related to reasons for suspicion of money laundering or terrorist financing.
- (3) If the written initiative from the paragraph 1 of this Article does not contain explanation and data from the paragraph 2 of this Article the Administration shall return such written statement to the initiator for supplementing it.
- (4) If the written statement is not supplemented within 8 days since the day of receiving the supplementing request, or if it contains no explanation and data from the paragraph 2 of this Article, the Administration shall inform the initiator, in written form, that the written initiative does not fulfill the requirements for initiating a procedure for collecting and processing data, stating the reasons for not starting the procedure upon the initiative.
- (5) The Administration shall, in written form, provide the initiator with the results of the analysis of data, information and documentation, collected in accordance with paragraphs 1 and 2 of this Article, related to the persons or transactions for which the reasons for suspicion of money laundering or terrorist financing are given, or for which it has been determined that they are or could be related to money laundering or terrorist financing.

Notifying on suspicious transactions

Article 65

- (1) If the Administration evaluates on the basis of data, information and documentation obtained in accordance with this Law that in relation to certain transaction or certain person there is a suspicion of money laundering or terrorist financing, it shall inform the competent authority in written form accompanied with necessary documentation about the reasons for suspicion.
- (2) In the notification from paragraph 1 of this Article the Administration must not state the data on the reporting entity and person employed at the reporting entity that disseminated the data, unless there is a suspicion that the reporting entity or its employee has committed the criminal act of money laundering or terrorist financing, or if those data, required in written form by the Court, are necessary for establishing facts in criminal proceedings.

Information on other criminal acts

Article 66

If the Administration, on the basis of data, information and documentation, obtained in accordance with this Law, evaluates that in relation to a transaction or person there is a suspicion of committing other criminal acts that are prosecuted ex officio, shall provide, in written form, the information to competent authorities without delay.

Feedback Information Article 67

The Administration shall, in written form, inform the reporting entity and other persons that have sent the initiative, on the results of the analysis of data on persons and transactions, for which there is, in accordance with the Article 41 paragraph 2 of this Law, a suspicion of money laundering or terrorist financing, unless it evaluates that the feedback information may cause detrimental effects on the course and outcome of the proceeding.

VI INTERNATIONAL COOPERATION

Establishing international cooperation Article 68

With a view to establishing and realizing international cooperation the Administration shall conclude agreements with the relevant authorities of foreign countries and international organizations, on exchanging financial-intelligence data, information and documentation that can be used only for the purposes defined by this Law.

Request to the competent authority of a foreign state for providing data and information Article 69

- (1) The Administration may request, within its competencies, from the competent authority of a foreign state data, information, and documentation necessary for detection and prevention of money laundering or terrorist financing.
- (2) The Administration may use the data, information and documentation obtained in accordance with paragraph 1 of this Article, only for the purposes provided for by this Law, and without previous approval of the competent authority of the foreign state from which the data are obtained, it must not

provide or disclose them to another authority, legal or natural person, or use it for purposes that are not in accordance to the terms and limits defined by requested authority.

**Providing data and information upon the request of the competent authority
of a foreign state
Article 70**

- (1) The Administration can, upon a request of a foreign authority competent for detection and prevention of money laundering and terrorist financing, provide data, information and documentation about persons or transactions related to a suspicion of money laundering or terrorist financing, under the condition of reciprocity.
- (2) Prior to providing the personal data to the authority from the paragraph 1 of this Article, the Administration shall verify if the requesting authority owns a regulated system of protection of personal data and whether the data will be used solely for the requested purpose, unless otherwise defined by the international agreement.
- (3) The Administration needs not to act in accordance with the request from the paragraph 1 of this Article if:
 - 1) on the basis of the facts and circumstances, stated in the request, evaluates that there are not enough reasons for suspicion of money laundering or terrorist financing, and,
 - 2) the providing of data would jeopardize or could jeopardize the course of criminal proceeding in Montenegro or in some other way affect interests of the proceeding.
- (4) The Administration shall inform in writing the requesting authority on the rejection of the letter rogatory and shall state the reasons for the rejection.
- (5) The Administration may determine the terms and limits of using the data from the paragraph 1 of this Article.

**Spontaneous provision of data to the competent authority of a foreign state
Article 71**

- (1) The Administration may provide data, information and documentation on persons or transactions, for which there is a suspicion of money laundering or terrorist financing, which it has obtained or kept in accordance with this Law, to a foreign country authority competent for the prevention and detection of money laundering and terrorist financing, without a request, under the condition of reciprocity.

- (2) When providing data in accordance with the paragraph 1 of this Article, the Administration may prescribe the terms and limits under which a foreign authority competent for detection and prevention of money laundering or terrorism financing may use such data.

Temporary suspension of transaction upon the initiative of the competent authority of foreign state
Article 72

- (1) In accordance with this Law, the Administration may, under the condition of reciprocity, by reasoned written initiative of a foreign competent authority, suspend a transaction, with written order, for the period not exceeding 72 hours.
- (2) The Administration is obliged to inform competent authorities about the order from the paragraph 1 of this Article.
- (3) The Administration may reject the initiative of the authority from the paragraph 1 of this Article, if based on the facts and circumstances stated in the initiative, it evaluates that given reasons are not sufficient for a suspicion of money laundering and terrorist financing, and shall inform in written form the initiating authority on the rejection and give the reasons for its rejection.

The initiative to a foreign competent authority for temporary suspension of transaction
Article 73

The Administration may, within its competencies in the area of detection and prevention of money laundering and terrorist financing, submit written initiative for temporary suspension of transaction to a foreign authority competent for the prevention of money laundering and terrorist financing, if it evaluates that there are sufficient reasons for a suspicion of money laundering or terrorist financing.

VII DUTIES OF THE STATE AND OTHER AUTHORITIES AND INSTITUTIONS

The customs authority
Article 74

- (1) The customs authority shall provide data or enable electronic access to the Administration on each cross border transport of money, checks, bearer securities, precious metals and precious stones, in the value or amount of 10.000 € or more, not later than within 3 days from the day of transporting.

- (2) The customs authority shall provide the data from paragraph 1 of this Law to the Administration on the transport or attempt of transport of money, checks, securities, precious metals and precious stones in the value or amount lower than 10.000€, if in relation to that transport or attempt of transport there are reasons for suspicion of money laundering or terrorist financing.

Stock Exchanges and Clearing and Depository Companies

Article 75

- (1) Stock exchanges and clearing and depository companies shall, without delay, inform in written form the Administration, if during carrying out activities within the scope of its business, detect facts indicating possible connection with money laundering or terrorist financing.
- (2) Upon the request of the Administration the legal persons from paragraph 1 of this Article shall provide data, information or documentation that indicate possible connection with money laundering or terrorist financing, in accordance with the Law.
- (3) Regarding the deadlines and manners of providing the data from paragraph 2 of this Article, the provisions from the Article 58 paragraphs 4 and 5 of this Law shall be applied.

Courts, State Prosecutor and other state authorities

Article 76

- (1) For the purpose of keeping a unique record on money laundering and terrorist financing the competent courts, State prosecutor and other state authorities shall provide data to the Administration on misdemeanors and criminal offences related to money laundering and terrorist financing.
- (2) The competent state authorities from paragraph 1 of this Article shall provide the Administration, regularly and upon a request, the following information:
 - 1) date of filing criminal charge;
 - 2) personal name, date of birth and address or company name, address and registered office of the reported person;
 - 3) nature of criminal offence and place, time and manner of carrying out the activity, which has elements of a criminal offence;
 - 4) previous criminal offence and place, time and manner of carrying out the activity that has elements of previous criminal activity.
- (3) The state prosecutor and competent courts shall, at least semi-annually, provide data to the Administration referring to:
 - 1) personal name, date of birth and address or the name of the company, address and the registered office of the reported person or of the

- person that submitted the request for court protection within the misdemeanor procedure under this Law;
- 2) phase of the procedure and final decision;
 - 3) characteristics of the nature of criminal offence or misdemeanor;
 - 4) personal name, date of birth and address or a company's name and registered office of the person for whom a temporary measure for the seizure assets or temporary confiscation is ordered;
 - 5) date of issuing and duration of the order on temporary measure of seizing the assets or on temporary confiscation;
 - 6) the amount of the assets or value of the property which is the subject of the temporary measure of seizing or on temporary confiscation;
 - 7) date of issuing the order on assets or property confiscation, and
 - 8) the amount of confiscated assets or value of the seized property.

Reporting on observations and undertaken measures

Article 77

The competent state authorities shall once a year, but not later than the end of January of the current year, for the previous year, inform the Administration on their observations and undertaken measures in relation to suspicious transactions on money laundering or terrorism financing, in accordance with this Law.

VIII RECORDS, PROTECTING AND KEEPING DATA

1. Keeping records and its contents

Reporting entity's record keeping

Article 78

- (1) Reporting entities shall keep:
 - 1) data records on customers, business relationships and transactions (carried out in the country and abroad) from article 9 of this Law;
 - 2) data records from Article 41 of this Law.
- (2) The reporting entity shall keep records referred to in paragraph 1 of this Article in a manner that will ensure the reconstruction of individual transactions (including the amounts and currency) that could be used as evidence in the process of detecting customer's criminal activities.

Content of the reporting entities' records

Article 79

In the records from the Article 78 of this Law the following data are kept and processed:

- 1) name, address, registered office and personal identification number of a legal person that establishes business relationship or executes a transaction, or legal person for whom a business relationship is established or transaction is executed;
- 2) name, address of permanent or temporary residence, date and place of birth and tax ID number of a representative or an authorized person who concludes the business relationship or executes transaction for the legal person or other person i.e. entities equal to them from the Article 18 of this Law, and number, type and name of the authority that issued the personal identification document;
- 3) name, address of permanent or temporary residence, date and place of birth and tax ID number of an authorized person, which requires or executes transaction for a customer, and number, type and name of the competent authority that issued the personal identification document;
- 4) name, address of permanent or temporary residence, date and place of birth and tax ID number of natural person or, tax ID number of his/her representative, entrepreneur or natural person carrying out the activity, that establishes business relationship or executes a transaction, or a natural person, for whom business relationship is established or transaction executed, and number, type and name of the competent authority that issued the personal document;
- 5) name, address of permanent or temporary residence, date and place of birth of a natural person entering the gaming facility or accessing the safe deposit box;
- 6) purpose and presumed nature of a business relationship, including information on customer's businesses activity;
- 7) date of establishing a business relationship or date and time of entering the gaming facility or accessing safe deposit box;
- 8) date and time of the transaction execution;
- 9) the amount of the transaction and currency of the executed transaction;
- 10) the purpose of the transaction and personal name and address of permanent or temporary residence, or the name and registered office of the person whom the transaction is intended to;
- 11) method of executing the transaction;
- 12) data on the sources of property and funds that are or will be the subject of the business relationship or transaction;
- 13) reasons for suspicion of money laundering or terrorist financing;

- 14) name, address of permanent or temporary residence, date and place of birth of the beneficial owner of the legal person or in case from the Article 20 paragraph 3 of this Law, data on the category of the person, in whose interest is the establishing and operating of the legal person or similar foreign legal person;
- 15) name of the company or name of another person i.e. entities equal to them, address of permanent or temporary residence, date and place of birth and tax ID number.

Records kept by lawyer or notary
Article 80

Lawyer or notary shall keep the following:

- 1) records on clients, business relationships and transactions from Article 9 of this Law, and
- 2) records on data from Article 51 paragraph 1 of this Law.

Content of lawyer's or notary's records
Article 81

- (1) In the records from Article 80 of this Law the following data shall be kept and processed:
 - 1) name, address of permanent residence, date and place of birth of the entrepreneur and natural person carrying out the business activity, or a company name, registered office and address and identification number of legal person or entrepreneur to whom lawyer or notary provides services;
 - 2) name, address of permanent residence, date and place of birth of the representative who establishes business relationship or executes transaction for the person from item 1 of this Article;
 - 3) name, address of permanent residence, date and place of birth of the authorized person who executes transaction for the person from item 1 of this Article,
 - 4) data from Article 9 of this Law in relation to the legal person to whom lawyer or notary provides legal services;
 - 5) purpose and presumed nature of the business relationship, including information on client's business activity;
 - 6) date of concluding the business relationship;
 - 7) date of transaction execution;
 - 8) the amount and currency of transaction;
 - 9) purpose of transaction and personal name and permanent residence or company name and registered office of the person whom the transaction is intended to;
 - 10) method of executing the transaction;

- 11) data on the sources of property and funds that are the subject of a transaction or a business relationship;
 - 12) name, date and place of birth, address of permanent residence or company name and address and registered office of the person for whom there is a suspicion of money laundering and terrorist financing;
 - 13) data on transaction for which there is a suspicion of money laundering or terrorist financing (amount, currency, date or time period of transactions execution);
 - 14) reasons for a suspicion of money laundering or terrorist financing.
- (2) The manner of the submission of data from the paragraph 1 of this Article delivered to the Administration by a lawyer or notary are prescribed by the Ministry.

Records kept by customs authority Article 82

Customs authority shall keep the following:

- 1) records on declared and non-declared cross border transport of money, checks, securities, precious metals and precious stones in amount and in value of 10.000 € or more;
- 2) records on cross border transport or attempt of transport of money, checks, securities, precious metals and precious stones in amount less than 10.000 €, if there are reasons for suspicion of money laundering or terrorist financing.

Content of the records of the customs authority Article 83

- (1) In the records from Article 82 of this Law the following data shall be kept and processed:
- 1) name, address of permanent residence, date and place of birth and the nationality of the natural person who transports or attempts to transport assets from Article 82 of this Law across the state border;
 - 2) name of the company, address and the registered office of a legal person or personal name, address of permanent residence and nationality of the natural person for whom cross border transport of assets from Article 82 of this Law is performed;

- 3) name, address of permanent residence and the nationality of the natural person, or company name, address and the registered office of the legal person which is the intended recipient of cash;
 - 4) the amount, currency and type of cash transported across the state border;
 - 5) source and purpose of using the cash transported across state border;
 - 6) place, date and time of crossing or attempt of crossing the state border;
 - 7) the name of the country from which or in which the transfer of assets from the Article 82 of this Law is performed;
 - 8) reasons for a suspicion money laundering or terrorist financing.
- (2) In addition to the data from paragraph 1 of this Article, in the records from Article 82 item 2 of this Law, the data on whether the cash transfer has been reported to the customs authority shall also be kept.

Records kept by the Administration Article 84

The Administration shall keep records and statistics on:

- 1) persons and transactions from Article 41 of this Law;
- 2) persons and transactions from Article 51 paragraph 1 of this Law;
- 3) received initiatives from Article 64 of this Law;
- 4) notifications and information from Articles 65 and 66 of this Law;
- 5) international requests from Articles 69 and 70 of this Law;
- 6) criminal acts and misdemeanors from Article 76 of this Law.

Content of the records kept by the Administration Article 85

- (1) In data records on persons and transactions from Article 84 item 1 of this Law data from Article 79 of this Law are kept and processed for the reasons of temporary suspension of transaction from Article 61 of this Law.
- (2) In data records on persons and transactions from Article 84 item 2 of this Law data from Article 80 of this Law are processed for temporary suspension of transaction.
- (3) In data records from Article 84 item 3 of this Law, the following data are kept and processed:

- 1) name, date and place of birth, address of permanent residence, or company name, address and registered office of the person for which there are reasons for suspicion of money laundering and terrorist financing;
 - 2) data on transaction, for which there are reasons for suspicion of money laundering or terrorist financing (amount, currency, date or period of the transaction execution);
 - 3) reasons for suspicion of money laundering or terrorist financing
- (4) In records from Article 84 item 4 of this Law the following data are kept and processed:
- 1) name, date and place of birth, address of permanent residence or company name and registered office of the persons for which the Administration has submitted notifications and information;
 - 2) data on transaction, for which there are reasons for suspicion of money laundering (amount, currency, date or period of the transaction execution);
 - 3) data on previous sanctioning;
 - 4) data on the authority to which the notification or information have been sent to.
- (5) In records from Article 84 item 5 of this Law, following data are kept and processed:
- 1) name, date and place of birth, address of permanent residence, or company name, address and registered office of the person subject of the request;
 - 2) the name of the state and requested authority, or of the authority that issued the request.
- (6) In records from Article 84 item 6 of this Law the following data are kept and processed:
- 1) name, date and place of birth, address of permanent residence, or company name, address and registered office of the person for which data are sent out of the country;
 - 2) the name of the state and name of the authority to which data are delivered.

Data records on non-residents

Article 86

In data records from the Article 85 of this Law data on personal identity number, or tax ID number of a non-resident shall not be recorded unless otherwise provided for by this Law.

**Records on supervision bodies' access to data, information and
documentation
Article 87**

- (1) Reporting entity, lawyer or notary shall keep separate records on access of competent authorities from Article 94 of this Law, to data, information and documentation from Article 88 of this Law.
- (2) In data records from paragraph 1 of this Article the following data are recorded:
 - 1) name of the competent authority;
 - 2) personal name of the authorized official that has checked data,
 - 3) date and time of checking data.
- (3) Reporting entity, lawyer or notary shall inform the Administration in writing, not later than 3 days from the completed check, on any accession of a competent authority from Article 94 of this Law to data from paragraph 1 of this Article.

2. Data protection

**Prohibition of giving information
Article 88**

- (1) Reporting entities, lawyers, notaries and their employees, members of the administrative, supervisory or other managing bodies, or other persons, to whom data from Article 79 of this Law are available or have been available, must not reveal to a customer or third person the following:
 - 1) that data, information or documentation on the customer or the transaction from Article 41 paragraphs 2 - 5, Article 51 paragraph 1, Article 58 paragraphs 1, 2 and 3, Article 59 paragraphs 1 and 2 of this Law, have been forwarded to the Administration;
 - 2) that the Administration on the basis of Article 61 of this Law, has temporarily suspended transaction or, instructed the reporting entity in relation to the suspension;
 - 3) that the Administration on the basis of Article 63 of this Law demanded regular monitoring of customer's business;
 - 4) that investigation is initiated or could be initiated against a customer or third party due to the suspicion of money laundering or terrorist financing.
- (2) An attempt to retort a client from engaging into an illegal activity shall not be deemed as disclosure in the sense of paragraph 1 of this Article.

- (3) Information on data from paragraph 1 of this Article, reports on suspicious transactions, as well as all other data, information and documentation collected by the Administration in accordance with this Law shall be designated the appropriate degree of confidentiality and must not be made available to third parties.
- (4) The Administration is not obliged to confirm or deny the existence of a confidential data.
- (5) The decision on lifting the status of confidentiality from paragraph 3 of this Article shall be made by the authorized person from the Administration in accordance with the Law on data secrecy.
- (6) Prohibition of giving information from paragraph 1 of this Article shall not be applied on:
 - 1) data, information and documentation, that are, in accordance with this Law obtained and kept by reporting entity, and that are necessary for establishing facts in criminal proceedings, and if the submitting of such data in written form is required or ordered by the competent court;
 - 2) data from item 1 of this paragraph, if it is requested by supervision body from Article 94 of this Law for the implementation of this Law.

Exception to the principle of keeping confidentiality
Article 89

- (1) When providing data, information and documentation to the Administration, in accordance with this Law, the obligation to protect business secrecy, bank secrecy, professional and official secrecy shall not apply to reporting entities, organizations with public authorization, state authorities, courts, lawyers or notaries and their employees.
- (2) The obligation to protect business secrecy, bank secrecy, professional and official secrecy shall not apply to a reporting entity who is a member of financial group when exchanging data and information with other members of financial group in accordance with the conditions prescribed by the Article 42 of this Law.
- (3) Reporting entity, lawyer or notary and their employees shall not be liable for damage caused to their customers or third persons, if in accordance to this Law, they:
 - 1) provide data, information and documentation on their customers to the Administration;
 - 2) obtain and process data, information and documentation on their customers;
 - 3) execute the Administration's order on temporary suspension of transaction, and

- 4) carry out the Administration's request on regular monitoring of customer's financial businesses.
- (4) Reporting entity's employees, lawyers or notaries shall not be disciplinary or criminally liable for breach of obligation of keeping data secrecy, if:
 - 1) they provide data, information and documentation to the Administration, in accordance with this Law;
 - 2) they process data, information and documentation, obtained in accordance with this Law, with a view to verifying customers and transactions for which there are reasons for suspicion of money laundering and terrorist financing.

Use of received data Article 90

The Administration, state authorities and holders of public authority, reporting entities or notaries and their employees are obliged to use data, information and documentation, which they have received in accordance with this Law, only for those purposes they are obtained for.

Keeping records Article 91

- (1) Reporting entity shall keep records obtained in accordance with this Law and related documentation and reports ten years after the termination of business relationship, executed transaction, entrance of the customer into room where special games on chance are organized or access to the safe deposit box.
- (2) The reporting entity shall keep a photocopy of a personal identification document, other documents and documentation, as well as written authorizations in accordance with the paragraph 1 of this Article.
- (3) Reporting entity shall keep data and related documents on compliance officer and his/her deputy, professional trainings of employees and the application of measures of internal control from Articles 43, 47 and 48 of this Law, for the period of four years after the dismissal of the compliance officer and his/her deputy, or after the completion of professional training and internal control.
- (4) Lawyer or notary shall keep data obtained on the basis of Article 50 paragraph 1 of this Law and related documentation for the period of ten years after the client's identity has been established.
- (5) Lawyer or notary shall keep data and related documents on professional training of employees for the period of four years after the training has been carried out.

Record keeping at the customs authority
Article 92

- (1) The customs authority shall keep data from records from Article 82 of this Law for the period of 11 years after the date of obtaining those data.
- (2) After the expiration of the period from the paragraph 1 of this Article the data from the Article 82 of this Law will be destroyed.

Record keeping in the Administration
Article 93

- (1) The Administration shall keep data and information from records kept in accordance to this Law for the period of 11 years after the date of obtaining those data.
- (2) Data from the paragraph 1 of this Article will be destroyed after the expiration of this period.
- (3) The Administration must not inform the person on information and data it possesses in connection to him/her, before the expiration of 10 years from the date of their recording.
- (4) The person from paragraph 3 of this Article shall have the right to check its personal data after the expiration of 10 years from the date of their recording.

IX SUPERVISION OF THE IMPLEMENTATION OF THE LAW
Article 94

- (1) Supervision of implementation of this Law and regulations passed on the basis of this Law, within the defined competencies, is conducted by:
 - 1) The Central bank of Montenegro in relation to reporting entities from Article 4 paragraph 2 items 1, 2, 3, 12 and 14 of this Law;
 - 2) The Agency for Electronic Communications and Postal Services in relation to reporting entities from Article 4 paragraph 2 item 4 of this Law;
 - 3) The Securities Commission in relation to reporting entities from Article 4 paragraph 2 items 5 - 8 and the legal persons from the Article 75 of this Law;
 - 4) The Insurance Supervision Agency in relation to reporting entities from Article 4 paragraph 2 items 9 and 10 of this Law;
 - 5) The Administration for Inspection Affairs through authorized inspector in accordance with the law regulating the inspection, in relation to reporting entities from Article 4 paragraph 2 item 11 of this Law;

- 6) The competent tax authority in relation to reporting entities from Article 4 paragraph 2 item 13 of this Law;
 - 7) Bar Association of Montenegro in relation to lawyers and law offices;
 - 8) Notary Chamber in relation to notaries;
 - 9) The Administration through authorized official, in accordance with the Law that regulates inspection in relation to reporting entities from Article 4 paragraph 2 items 15, 16 and 17 of this Law.
- (2) The competent authorities from paragraph 1 of this Article shall, prior to conducting the inspection control, inform the Administration on the activities of supervision they plan to carry out and, if necessary, to coordinate and harmonize their activities in performing supervision over the implementation of this Law.

Article 95

If an authorized official of the Administration, in procedure of inspection control of the reporting entity, discovers that there is a suspicion of committing criminal offence of money laundering or terrorist financing, or another criminal offence from Article 66 of this Law, he/she can take documentation from reporting entity and deliver it to the Administration for a check.

Article 96

If the Administration, in procedure of inspection control of the reporting entity, discovers that there is a suspicion of committing criminal offence from Article 66 of this Law, it shall provide data, information and other documentation implying criminal offence to other competent authorities.

Article 97

- (1) Competent authorities from Article 94 of this Law shall inform the Administration on measures taken in the process of supervision in accordance with this Law within 8 days from the date on which the measures were taken.
- (2) The Administration shall keep records on measures and authorities from paragraph 1 of this Article.
- (3) If the competent authorities from the Article 94 of this Law, during the inspection, assess that in relation to any transaction or person there is a suspicion of money laundering or terrorist financing, or establish facts that can be related to money laundering or terrorist financing, they shall immediately, without delay, inform the Administration.
- (4) Authorities from the Article 94 of this Law may issue an order to the reporting entity to terminate carrying out business in its subsidiaries in other

country, if it is unable to implement measures to detect and prevent money laundering and terrorist financing stipulated by this Law.

Article 98

On the established misdemeanor and submitted request, the competent authority shall inform the Administration within 8 days.

XI PENALTY PROVISIONS

Article 99

- (1) A legal person shall be fined for misdemeanor in an amount from 3,000 EUR to 20,000 EUR when:
- 1) it does not draft risk analysis for determining the risk assessment of an individual customer, a group of customers, a country or geographic areas, business relationship, transaction or product related to the possibility of misuse for the purpose of money laundering or terrorist financing and to update it regularly and keep it in accordance with this Law (Article 7 paragraph 1);
 - 2) it does not conduct the appropriate measures from Article 8 of this Law when establishing a business relationship with a customer (Article 9 paragraph 1 item 1);
 - 3) it does not conduct the appropriate measures from Article 8 of this Law when executing one or more linked transactions in the amount of € 15,000 or more (Article 9 paragraph 1 item 2);
 - 4) it does not conduct the appropriate measures from Article 8 of this Law when there is a suspicion in the accuracy and veracity of the obtained customer identification data (Article 9 paragraph 1 item 3);
 - 5) it does not conduct the appropriate measures from Article 8 of this Law when there is suspicion of money laundering or terrorist financing related to a transaction or a customer (Article 9 paragraph 1 item 4);
 - 6) it does not conduct the appropriate measures from Article 8 of this Law against natural and legal persons trading in goods, when execution cash transactions in the amount of 7,500 EUR or more, regardless of whether the transaction is executed as a single transaction or a number of mutually linked transactions. (Article 9 paragraph 1 item 5);
 - 7) it does not apply the measures from the Article 8 to the customers with whom it has already established business relations (existing customers) and does not obtain all data in accordance with this Law (Article 9 paragraph 2);

- 8) it does not verify the identity of a customer and obtain data from Article 79 item 5 of this law when carrying out a transaction in the amount of at least EUR 2,000 (Article 9 paragraph 3);
- 9) it does not conduct the measures from Article 8 paragraph 1 items 1,2 and 3 of this Law prior to establishing business relationship with the customer (Article 10 paragraph 1);
- 10) it establishes or does not terminate a business relationship when it cannot execute measures from Article 10 paragraph 1 of this Law (Article 10 paragraph 4);
- 11) it executes the transaction without previously undertaking the prescribed measures from Article 8 paragraph 1 items 1,2 and 3 of this Law (Article 11 paragraph 1);
- 12) it cannot conduct measures from Article 8 paragraph 1 items 1,2 and 3 of this Law but does not reject the establishment of business relationship and the execution of transactions, or does not act in accordance with Article 10, paragraph 4 and Article 11 paragraph 2 of this Law, and on the basis of previously collected information and data on the customer and/or transaction can prepare a report on a suspicious customer or transaction, which it delivers to the Administration in accordance with Article 41 of this Law (Article 12);
- 13) when establishing the identity of a customer from the Article 14 paragraph 1 of this Law, it does not obtain a photocopy of a personal document (e.g. identification card, passport, driver's license or similar document containing the photo of the person whose identity a reporting entity is establishing or verifying), on which he/she enters the date, time and personal name of the person who performed the check, and which it keeps in accordance with this Law (Article 14, paragraph 5);
- 14) establishing and verifying the identity of a customer using a qualified electronic certificate when opening an account with the reporting entity from Article 4 paragraph 2 items 1 and 2 of this Law, except in the case of opening a temporary deposit account for paying in founding capital (Article 14 paragraph 6 item 1);
- 15) establishing and verifying the identity of a customer using a qualified electronic certificate if there is suspicion that the qualified electronic certificate was misused or if the reporting entity determines that the circumstances that have significant effect on the certification validity have changed (Article 14 paragraph 6 item 2);
- 16) it does not establish and verify the identity of an authorized person by checking the personal identification document in this person's presence and obtain data from Article 79 item 3 of this Law, when establishing business relationship or conducting transactions on behalf of a customer, natural

- person or his/her legal representative, entrepreneur or natural person who performs activity (Article 14 paragraph 7 item 1);
- 17) when establishing a business relationship or executing transactions on behalf of a customer, natural person or his/her legal representative, entrepreneur, or natural person performing the activity it does not establish and verify the identity of the customer, on whose behalf the authorized person acts, and obtain data from Article 79 item 4 of this Law from the original of written power of attorney or its photocopy certified in accordance with law (Article 14, paragraph 7, item 2);
 - 18) it does not obtain his/her written statement on the veracity of these data when establishing and verifying the identity of the representative if it doubts the veracity of the data obtained. (Article 14, paragraph 8);
 - 19) it does not require a written statement of the representative or of the customer on the veracity of these data when establishing and verifying the identity of the representative of a natural person or a customer if it doubts the veracity of the data obtained or authenticity of documents and other business documentation from which the data were obtained. (Article 14, paragraph 9);
 - 20) it does not obtain a written statement on the authenticity of these data from a representative or an authorized person before establishing a business relationship or executing transactions when establishing and verifying the identity of a legal person if it doubts the authenticity of the obtained data or veracity of documents and other business documentation from which the data were taken (Article 15, paragraph 7);
 - 21) when establishing and verifying the identity of a legal person's representative, it doubts the veracity of obtained data, and it does not require his/her written statement on the veracity of those data. (Article 16, paragraph 2);
 - 22) it does not obtain a copy of personal identification document of that person in accordance with Article 14, paragraph 5 of this Law in the process of establishing the identity of the representative of the legal person. (Article 16, paragraph 3);
 - 23) it does not obtain a written statement when establishing and verifying the identity of the representative and authorized person who acts on behalf of a representative if it doubts the authenticity of the obtained data (Article 17 paragraph 4),
 - 24) in the process of establishing the identity of a representative of a legal person and the authorized person, it obtains a copy of personal identification document of that person in accordance with Article 14 paragraph 5 of this Law (Article 17 paragraph 5);
 - 25) it does not establish and verify the identity of its representative, and the customer is other person i.e. entity equal to it (Article 18 paragraph 1 item 1);

- 26) it does not obtain a written authorization for representation, and the customer is other person i.e. entity equal to it (Article 18 paragraph 1 item 2);
- 27) it does not obtain data from Article 79 item 2 of this Law, and the customer is other person i.e. entity equal to it (Article 18 paragraph 1 item 3);
- 28) it does not establish and verify the identity of the representative from the Article 18 paragraph 1 item 1 of this Law and does not obtain data from Article 79 items 2 and 15 of this Law by checking the personal identification document of the representative in his/her presence, and if the required data cannot be determined by checking the personal identification document, it does not obtain these data from other public documents, submitted by the representative or authorized person (Article 18, paragraph 2);
- 29) when establishing and verifying the identity of a customer's representative from the Article 18 paragraph 1 of this Law, it doubts the accuracy of the obtained data or authenticity of identification documents and other business documentation from which the data have been obtained, and it does not obtain a written statement of the customer's representative (Article 18, paragraph 3);
- 30) it does not verify the identity of the customer in accordance with this Law when the customer enters the premises where special games of chance are organized (Article 19 paragraph 1 item 1);
- 31) it does not verify the identity of the customer in accordance with this Law on any approach of a lessee or his/her representative, or a person he/she has authorized, to the safe deposit box (Article 19 paragraph 1 item 2);
- 32) it does not obtain a photocopy of personal identification document of that person in accordance with Article 14 paragraph 5 of this Law, when establishing the identity of the customer from the paragraph 1 of this Article (Article 19 paragraph 3);
- 33) it does not establish the beneficial owner of a legal person or foreign legal person by obtaining data from Article 79 item 14 of this Law (Article 21, paragraph 1);
- 34) it does not obtain a photocopy of personal identification document of that person in accordance with Article 14 paragraph 5 of this Law when establishing the identity of the beneficial owner of a legal person or foreign legal person (Article 21 paragraph 6);
- 35) it accepts the measures from the Article 8 paragraph 1 items 1, 2 and 3 of this Law conducted by a third party if the third party established and verified the identity of a customer without his/her presence (Article 22, paragraph 3);
- 36) it entrusts the execution of measures of establishing and verifying the identity of a customer to a third party, if the customer is a shell bank or anonymous company (Article 23 paragraph 1);
- 37) it entrusts the execution of measures of establishing and verifying the identity of a customer to a third party from a country that is on the list of

- countries that do not apply the standards in the area of the prevention of money laundering and terrorist financing (Article 23 paragraph 2);
- 38) it, as a third party, executes the identification and verification of the identity of the customer in accordance with Article 22 of this Law, and does not submit the obtained data and documentation on the customer to the reporting entity (Article 24 paragraph 1);
 - 39) upon a request of the reporting entity, it does not provide, without delay, copies of identification documents and other documentation upon which it has made identification and verification of the customer's identity and obtained data and documentation (Article 25, paragraph 1, item 1);
 - 40) it does not submit the data from the Article 79 of this Law to the Administration, when there is a suspicion of money laundering and terrorist financing in relation to the transaction (regardless of the amount and type) or customer, (Article 25, paragraph 1, item 2);
 - 41) it does not keep obtained copies of documents and documentation in accordance with this Law (Article 25, paragraph 1, item 3);
 - 42) when establishing and verifying the customer's identity in the case of Article 9 paragraph 1 item 1 of this Law, it does not obtain the data and does not keep records from the Article 79 paragraph 1 items 1, 2, 4, 6, 7 and 14 of this Law (Article 26, paragraph 1);
 - 43) when conducting CDD measures from Article 9 paragraph 1 item 2 of this Law, it does not obtain data and does not keep the records from the Article 79 items 1 to 4, 7 to 11 and item 13 of this Law (Article 26 paragraph 2);
 - 44) when conducting CDD measures from Article 9 paragraph 1 items 3 and 4 of this Law, it does not obtain data and does not keep records from the Article 79 of this Law (Article 26 paragraph 3);
 - 45) it does not take the measures of enhanced customer due diligence, when entering into correspondent relationship with a bank or other credit institution which has its registered office outside the European Union or is not located on the list of countries that apply international standards in the area of money laundering and terrorist financing which are at the level of standards of the European Union or higher (Article 30 paragraph 1 item 1);
 - 46) it does not conduct measures of enhanced customer due diligence when entering into a business relationship or executing of the transaction from the Article 9 paragraph 1 item 2 of this Law with a customer who is a politically exposed person or beneficial owner of a customer is a politically exposed person from the Article 32 of this Law (Article 30 paragraph 1 item 2);
 - 47) it does not take the enhanced customer due diligence measures in the case of unusual transactions (Article 30 paragraph 1 item 3);
 - 48) it does not take the enhanced customer due diligence measures in the case of electronic transfer of money (Article 30 paragraph 1 item 4);

- 49) it does not conduct enhanced customer due diligence measures, based on high risk factors, in all other cases when, in accordance with Article 7 of this Law, it estimates that due to the nature of the business relationship, form and manner of execution of the transaction, the business profile of the customer or other circumstances related to the customer, there is or could be a high risk of money laundering or terrorist financing (Article 30, paragraph 3);
- 50) when establishing a correspondent relationship with a bank or other credit institution, which has its registered office outside the European Union or it is not on the list of countries that apply international standards in the area of preventing money laundering and terrorist financing which are on the level of standards of the European Union or higher, it does not obtain the required data (Article 31 paragraph 1 items 1 - 9);
- 51) it does not apply measures of enhanced customer due diligence from the Article 31 paragraph 1 of this Law when establishing correspondent relationship with a bank or credit institution that is on the list of countries that apply international standards in the area of money laundering and terrorism financing at the level of the standards of the European Union or higher, when it estimates that there is a high risk of money laundering or terrorist financing (Article 31 paragraph 2);
- 52) when conducting enhanced CDD of a customer who is a politically exposed person, it does not obtain data on the sources of funds and property that are the subject of the business relationship or transaction, from the documentation submitted by a customer, and if the required data cannot be obtained from the submitted documents, the data shall be obtained directly from the written statement of the customer (Article 33 paragraph 1 item 1);
- 53) when conducting enhanced CDD of a customer who is a politically exposed person, in addition to the measures from the Article 8, it does not obtain a written consent of the senior management before establishing a business relationship with a customer, or a written consent of the senior management for the continuation of the business relationship if the business relationship with the customer is established (Article 32 paragraph 1 item 2);
- 54) when conducting enhanced CDD of a customer who is a politically exposed person, in addition to the measures from the Article 8, it does not establish whether the customer is the beneficial owner of a legal person or foreign legal person or the natural person on whose behalf the business relationship is being established, transaction executed or other activity carried out (Article 33 paragraph 1 item 3);
- 55) when conducting enhanced CDD of a customer who is a politically exposed person, in addition to the measures from the Article 8, after establishing a business relationship, it does not monitor with special attention the transactions and other business activities which a politically exposed person

- performs at the reporting entity, or the customer whose beneficial owner is a politically exposed person (Article 33 paragraph 1 item 4);
- 56) it does not make an internal act in accordance with the guidelines of the competent authority from the Article 94 of this Law, containing the procedures that are based on risk analysis, which it applies when identifying the customer or the beneficial owner of a customer who is politically exposed person (Article 33 paragraph 2);
 - 57) within the simplified CDD, it does not obtain the required data on the customer, in the prescribed manner (Article 38 paragraph 1);
 - 58) it opens or keeps anonymous accounts, coded or bearer passbook for its customer, or provide other service (banking product) that directly or indirectly enable concealment of a customer's identity (Article 39);
 - 59) it establishes or continues correspondent relationships with a bank that carries out or could carry out business activities as a shell bank or with other credit institution that is known for allowing shell banks to use its accounts (Article 40);
 - 60) it does not submit to the Administration, within the prescribed period, without delay, a report containing accurate and complete data from the Article 79 items 1 - 4 and items 8 - 11 of this Law on any transaction executed in cash in the amount of at least EUR 15,000 (Article 41 paragraph 1);
 - 61) it does not submit the data from the Article 79 of this Law to the Administration, without delay, when there is a suspicion of money laundering and terrorist financing in relation to the transaction (regardless of the amount and type) or customer (Article 41 paragraph 2);
 - 62) it does not submit to the Administration the data from Article 41 paragraph 2 of this Law, prior to execution of the transaction and it does not specify the deadline in which the transaction is to be executed (Article 41 paragraph 3);
 - 63) it does not submit to the Administration the data from Article 41 paragraph 2 in written form not later than the following working day from the day of providing the information (Article 41 paragraph 4);
 - 64) it does not submit to the Administration, without delay, the report containing the data specified in Article 79 of this Law and after the executed transaction, when there is a suspicion of money laundering and terrorist financing in relation to the transaction (regardless of the amount and type) or the customer (Article 41 paragraph 5);
 - 65) it does not immediately notify the Administration about the transaction for which there is a suspicion of money laundering and terrorist financing, and when the delay of such transaction is not possible, or would prevent the efforts of monitoring the customer who performs activities for which there is a suspicion of money laundering and terrorist financing (Article 41 paragraph 6);

- 66) it does not provide, within the prescribed deadline and in the prescribed manner, to the Administration the required data, information and documentation, when there is a suspicion of money laundering or terrorist financing in relation to a transaction or a person (Article 58 paragraph 4, 6 and 7);
- 67) it does not undertake measures and actions, without delay, in accordance with an order from the Article 61 paragraph 1 and 2 of this Law (Article 61, paragraph 3);
- 68) it executes the transaction prior to the expiration of the prescribed period (Article 62);
- 69) it does not submit the required data or does not notify the Administration prior to executing the transaction or concluding business, and in the notification it does not state the estimation of deadline within which the transaction or business should be done (Article 63 paragraph 2);
- 70) it does not notify the Administration, without delay, in writing, , if during the execution of activities within the scope of its business, it detects facts indicating a possible connection with money laundering or terrorist financing (Article 75 paragraph 1);
- 71) upon the request of the Administration, it does not provide data, information or documentation that indicate a possible connection with money laundering or terrorist financing, in accordance with the Law (Article 75 paragraph 2);
- 72) it does not keep prescribed records (Article 78 paragraph 1 items 1 and 2);
- 73) it reveals available data from Article 79 of this Law to a customer or a third party that the data, information or documentation about the customer or transaction from Article 41 paragraph 2, 3, 4 and 5, Article 51 paragraph 1, Article 58 paragraphs 1, 2 and 3 and Article 59 paragraphs 1 and 2 of this Law were delivered to the Administration (Article 88, paragraph 1, item 1);
- 74) it reveals available data from Article 79 of this Law to a customer or a third party that the Administration, under Article 61 of this Law, temporarily suspended the transaction, or instructed the reporting entity in relation to the suspension (Article 88 paragraph 1 item 2);
- 75) it reveals data available from Article 79 of this Law to customer or a third party that the Administration, under Article 63 of this Law, demanded regular monitoring of customer's business (Article 88 paragraph 1 item 3);
- 76) it reveals data available from Article 79 of this Law to a customer or a third party that the investigation is or could be initiated against the customer or third party for money laundering or terrorist financing (Article 88 paragraph 1 item 4);
- 77) it does not use the data, information and documentation obtained in accordance with this Law only for the purpose for which they were obtained (Article 90).

- (2) The responsible person in a legal person and natural person shall be fined in an amount from 500 EUR to 2,000 EUR for the misdemeanor from paragraph 1 of this Article.
- (3) An entrepreneur shall be fined in an amount from 500 EUR to 6,000 EUR for the misdemeanor from paragraph 1 of this Article.
- (4) A prohibition on carrying out business activities may be imposed to a legal person and entrepreneur for up to six months, and a prohibition of performing activities may be imposed to the responsible person in the legal person or natural person for up to six months for the misdemeanor from the paragraph 1 of this Article.

Article 100

- (1) A legal person shall be fined in the amount from 3,000 EUR to 18,000 EUR for misdemeanor when it:
 - 1) does not take appropriate actions, based on the risk analysis, to minimize identified risk of money laundering and terrorist financing (Article 7, paragraph 2);
 - 2) does not identify and verify customer's identity based on the documents, data and information from credible, independent and objective source (Article 8 paragraph 1 item 1);
 - 3) does not identify the beneficial owners of a customer and verify their identity in cases prescribed by this Law (Article 8 paragraph 1 item 2);
 - 4) does not provide data on the objective and nature of the business relationship or the purpose of the transaction, and other data in accordance with this Law (Article 8 paragraph 1 item 3);
 - 5) does not regularly monitor the business activities undertaken by the customer at the reporting entity and does not verify their compliance with the nature of the business relationship and the usual scope and type of the customer's activities (Article 8 paragraph 1 item 4);
 - 6) when concluding a life insurance contract does not identify the user of the life insurance policy (Article 8 paragraph 2);
 - 7) when transferring rights of the policy to a third party, in part or entirely, it does not identify the new user at the time of transfer of rights (Article 8 paragraph 4);
 - 8) does not define, in its internal acts, the procedures for undertaking the prescribed measures from Article 8 paragraphs 1 and 2 of this Law (Article 8 paragraph 5);
 - 9) does not obtain accurate and complete data on the originator of wire transfers and does not enter them into the form or message accompanying

- wire transfers of funds sent or received in any currency that is the subject of the wire transfer (Article 34 paragraph 1);
- 10) does not refuse to transfer the funds if the originator's data are not complete and/or does not require the data to be supplemented within the shortest possible period (Article 34 paragraph 3);
 - 11) does not undertake measures and actions to eliminate money laundering and terrorist financing risks that may arise from new developing technologies that enable the anonymity (Internet banking, the use of the ATM, and etc.) (Article 36 paragraph 1);
 - 12) does not adopt an internal act, in accordance with the provision of the Article 7 paragraph 3 of this Law, for prevention of the new technologies usage for the purpose of money laundering and terrorist financing (Article 36 paragraph 2);
 - 13) does not provide that the measures of detection and prevention of money laundering and terrorist financing, as defined by this Law, are implemented, to the same extent, in business units or organizations majority-owned by reporting entities, which have registered office in another country, if it is in accordance with the legal system of that country, or if the standards in this country are at the level of the European Union countries or higher (Article 42 paragraph 1);
 - 14) does not establish and implement appropriate regulations in dealing with the customer and does not provide reporting, record keeping, internal control, risk assessment, risk management and communication, in order to prevent money laundering and financing of terrorism. (Article 43 paragraph 1);
 - 15) does not order, carry out and control the implementation of the regulations from the Article 43 paragraph 1 of this Law in subsidiaries and other parts owned in majority with registered office in other countries (Article 43 paragraph 2);
 - 16) does not designate, in prescribed period, a compliance officer and his/her deputy for carrying out affairs and tasks of detecting and preventing money laundering and terrorist financing and in accordance with the Article 46 paragraph 3 of this Law it does not notify the Administration (Article 43 paragraphs 3);
 - 17) does not notify the Administration that, at the reporting entities which have less than four employees, director or other authorized person does not perform tasks of detecting and preventing money laundering and terrorist financing (Article 43 paragraph 5);
 - 18) does not provide the prescribed conditions to the compliance officer (Article 46 paragraph 1);
 - 19) does not use the list of indicators for identifying suspicious customers and transactions when establishing the suspicion of money laundering or terrorist

- financing and other circumstances related to the suspicion (Article 53 paragraph 1);
- 20) does not keep records referred to in Article 78 paragraph 1 of this Law, in a manner that will ensure the reconstruction of individual transactions (including the amounts and currency) that would serve as evidence in the process of detecting customer's criminal activities (Article 78 paragraph 2);
- 21) does not keep separate records on access of supervision bodies from Article 94 of this Law, to data, information and documentation from Article 88 of this Law (Article 87 paragraph 1);
- 22) it does not keep records obtained in accordance with this Law and related documentation and reports for ten years after the termination of business relationship, executed transaction, entrance of the customer into room where special games on chance are organized or access to the safe deposit box. (Article 91 paragraph 1);
- 23) it does not keep data and supporting documents on compliance officer and his/her deputy, professional trainings of employees and the application of measures of internal control from Articles 43, 47 and 48 of this Law, for the period of four years after the dismissal of the compliance officer and his/her deputy, or after the completion of professional training and internal control (Article 91 paragraph 3);
- (2) The responsible person in a legal entity and a natural person shall be fined in an amount from 500 EUR to 2,000 EUR for the misdemeanor from paragraph 1 of this Article.
- (3) An entrepreneur shall be fined in the amount from 500 EUR to 6,000 EUR for the misdemeanor from paragraph 1 of this Article.
- (4) A prohibition of carrying out business activities may be imposed on a legal person and entrepreneur for up to six months, and a prohibition of performing activities may be imposed on the responsible person in the legal person or natural person for up to six months for the misdemeanor from the paragraph 1 of this Article.

Article 101

- (1) A legal person shall be fined in the amount from 2,000 EUR to 10,000 EUR for misdemeanor if:
- 1) it
does not apply the measures of monitoring customer's business activities, including the sources of funds the customer uses for business (Article 27 paragraph 1);
- 2) it

does not ensure and adjust the dynamics of undertaking measures from Article 27 paragraph 1 of this Law to the risk of money laundering and terrorist financing, to which a reporting entity is exposed when performing certain work or when dealing with a customer (Article 27 paragraph 3);

- 3) a foreign legal person executes transactions from Article 9 paragraph 1 of this Law with a reporting entity, in addition to monitoring business activities from Article 27 of this Law, it does not conduct repeated annual control of a foreign legal person at least once a year, and not later than after the expiry of one-year period since the last control of the foreign legal person (Article 28 paragraph 1);
- 4) it does not analyse all unusually large transactions, as well as unusual transactions that have no apparent economic or legal purpose (Article 35 paragraph 1);
- 5) it does not define the criteria for recognizing unusual transactions by an internal act in accordance with the Article 7 of this Law (Article 35 paragraph 3);
- 6) it does not submit to the Administration, within the prescribed deadline, an act on appointment containing the personal data and the job position of the compliance officer and his/her deputy, and it does not inform the Administration on any change in these data, without delay, and not later than within 15 days since the day of their change (Article 46 paragraph 3);
- 7) it does not prepare the program of professional training and improvement of persons that carry out the activities of detecting and preventing money laundering and terrorist financing within the prescribed deadline (Article 47 paragraph 2);
- 8) it does not adopt a program for conducting the measures for preventing money laundering and terrorist financing and does not ensure its implementation (Article 48 paragraph 1);
- 9) it does not ensure regular internal control and revision of the implementation of the program for preventing money laundering and terrorist financing, or does not perform the affairs of detecting and preventing money laundering and terrorist financing (Article 48 paragraph 2);
- 10) when establishing a suspicion of money laundering or terrorist financing and other circumstances related to the suspicion it does not use the list of indicators for identifying suspicious customers and transactions (Article 53

- paragraph 1);
- 11) it doesn't take, without delay, the measures and actions in accordance with the order from the Article 61 paragraphs 1 and 2 of this Law (Article 61 paragraph 3);
 - (2) The responsible person in a legal entity and a natural person shall be fined in the amount from 400 EUR to 2,000 EUR for misdemeanor from paragraph 1 of this Article.
 - (3) An entrepreneur shall be fined in the amount from 500 EUR do 3,000 EUR for misdemeanor from paragraph 1 of this Article.
 - (4) A prohibition of carrying out business activities may be imposed on a legal person and entrepreneur for up to six months, and a prohibition of performing business activities may be imposed on the responsible person in the legal person or natural person for up to six months for the misdemeanor from the paragraph 1 of this Article.

Article 102

- (1) The legal person shall be fined in the amount from 3,000 EUR to 20,000 EUR for misdemeanor if it, upon a reporting entity's request, without delay, does not provide data on the manner in which it identified and verified the identity of the customer who is the owner of qualified electronic certificate (Article 14 paragraph 4);
- (2) The responsible person in a legal entity registered for the certified authentication of an electronic certificate shall be fined in the amount from 500 EUR to 2,000 EUR for the misdemeanor from paragraph 1 of this Article.
- (3) A prohibition of carrying out business activities may be imposed on a legal person and entrepreneur for up to six months, and a prohibition of performing business activities may be imposed on the responsible person in the legal person or natural person for up to six months for the misdemeanor from the paragraph 1 of this Article.

Article 103

- (1) A lawyer or notary shall be fined in the amount from 150 EUR to 6,000 EUR for misdemeanor in the following cases:
 - 1) when he/she does not designate a compliance officer and his/her deputy for the affairs of detecting and preventing money laundering and terrorist financing within the prescribed deadline and in accordance with Article 46 paragraph 3 notify the Administration (Article 43 paragraphs 3 in relation to the Article 49 paragraph 1);

- 2) he/she does not ensure that activities of a compliance officer and his/her deputy are carried out by a person that meets the prescribed requirements (Article 44 in relation to the Article 49 paragraph 1);
- 3) he/she does not provide the Administration within the prescribed deadline, with data on personal name and job position name of the compliance officer and his/her deputy and information on any change of those data (Article 46 paragraph 3 in relation to the Article 49 paragraph 1);
- 4) he/she does not provide regular professional training and advanced training for employees engaged in the activities of detecting and preventing money laundering and terrorist financing in accordance with this Law (Article 47 paragraph 1 in relation to the Article 49 paragraph 1);
- 5) he/she does not prepare program for professional training and advanced training for employees engaged in the activities of detecting and preventing money laundering and terrorist financing within the prescribed deadline (Article 47 paragraph 2 in relation to the Article 49 paragraph 1);
- 6) he/she does not adopt a program for conducting the measures for preventing money laundering and terrorist financing and does not ensure its implementation (Article 48 paragraph 1 in relation to the Article 49);
- 7) he/she does not ensure regular internal control and revision of the implementation of the program for preventing money laundering and terrorist financing, or does not ensure performing the affairs of detecting and preventing money laundering and terrorist financing (Article 48 paragraph 2 in relation to the Article 49);
- 8) within customer verification procedures, he/she does not obtain all prescribed data in accordance with this Law (Article 50 paragraphs 1, 2 and 3);
- 9) he/she does not establish and verify the identity of a customer or his/her representative or authorized person or if he/she does not obtain required data in the prescribed manner (Article 50 paragraphs 4, 6 and 7);
- 10) he/she does not identify a beneficiary owner of a customer that is a legal person or other similar form of organizing a foreign legal person, or does not obtain required data or does not obtain them in the prescribed manner (Article 50 paragraphs 5 and 7);
- 11) he/she does not notify the Administration before the execution of a transaction or it does not state in the notification the deadline within which the transaction is to be executed (Article 51 paragraph 1);
- 12) he/she does not inform the Administration that a customer asked for advice in relation to money laundering and terrorist financing (Article 51 paragraph 5);
- 13) he/she does not provide the Administration with certified copies of the sale contracts related to real estate trade in the amount exceeding 15,000 EUR (Article 51 paragraph 6);

- 14) upon the Administration's request for providing data in accordance with the Article 59 of this Law he/she does not state the reasons, in written form, and within the prescribed deadline, for which he/she did not act in accordance with the request (Article 52 paragraph 2);
- 15) he/she does not inform the Administration on cash transactions from Article 41 paragraph 1 of this Law, when there is a suspicion of money laundering or terrorist financing related to a transaction or a customer (Article 52 paragraph 3);
- 16) when establishing the suspicion of money laundering or terrorist financing and other circumstances related to the suspicion he/she does not use the list of indicators for identifying suspicious customers and transactions, (Article 53 paragraph 1);
- 17) he/she does not deliver to the Administration requested data necessary for detecting money laundering or terrorist financing (Article 59 paragraph 1);
- 18) he/she does not keep prescribed records (Article 80);
- 19) he/she reveals available data from the Article 79 of this Law to a customer or third party when the data, information or documentation on the customer or the transaction from Article 41 paragraphs 2 - 5, Article 51 paragraph 1, Article 58 paragraphs 1, 2 and 3, Article 59 paragraphs 1 and 2 of this Law, have been sent to the Administration (Article 88 paragraph 1 item 1);
- 20) he/she reveals the available data from the Article 79 of this Law to a customer or third party when the Administration, on the basis of Article 61 of this Law, has temporarily suspended transaction or, instructed the reporting entity in relation to the suspension (Article 88 paragraph 1 item 2);
- 21) he/she reveals to a customer or third party the available data from the Article 79 of this Law when the Administration, on the basis of Article 63 of this Law, demanded regular monitoring of customer's business (Article 88 paragraph 1 item 3);
- 22) he/she reveals to a customer or third party the available data from the Article 79 of this Law that investigation is initiated or could be initiated against a customer or third party due to the suspicion of money laundering or terrorist financing. (Article 88 paragraph 1 item 4);
- 23) he/she does not use data, information and documentation, obtained in accordance with this Law, only for the purposes they are obtained for (Article 90);
- 24) he/she does not keep data obtained on the basis of Article 50 paragraph 1 of this Law and related documentation for the period of ten years after verifying customer's identity (Article 91 paragraph 4);
- 25) he/she does not keep data and supporting documents on professional training of employees for the period of four years after the training has been carried out (Article 91 paragraph 5);

(2) A prohibition of carrying out business activities may be imposed on a legal person and entrepreneur for up to six months, and a prohibition of performing business activities may be imposed on the responsible person in the legal person or natural person for up to six months for the misdemeanor from the paragraph 1 of this Article.

XII TRANSITIONAL AND FINAL PROVISIONS

Implementation of measures

Article 104

Reporting entity shall implement measures from the Article 8 of this Law in relation to the customers from the Article 9 paragraph 2 of this Law with whom it has already established business relationships (existing customers), during the execution of the first transaction after this Law comes into effect, on which the reporting entity shall prepare written record which he/she keeps in accordance with this Law.

Harmonization of business activities

Article 105

Reporting entities shall harmonize their business activities with this Law within six months as of the effective date of the regulations from Article 107 of this Law.

Initiated procedures

Article 106

Procedures initiated in accordance with the Law on the Prevention of Money Laundering and Terrorist Financing ("Official Gazette of the Republic of Montenegro", No. 14/07, 04/08 and 14/12) shall be continued in accordance with this Law, if it is more favorable for party in the procedure.

Deadline for adoption of bylaws

Article 107

(1) Bylaws based on the authority of this Law shall be passed within six months from the date of entry into force of this Law.

(2) Pending the date of entry into force of the bylaws referred to in paragraph 1 of this Article, bylaws adopted based on the Law on Prevention of Money Laundering and Terrorist Financing (“Official Gazette of the Republic of Montenegro”, No. 14/07, 04/08 and 14/12) shall apply.

Cessation of existence
Article 108

On the date of entry into force of this Law, the Law on the Prevention of Money Laundering and Terrorist Financing (“Official Gazette of the Republic of Montenegro”, No. 14/07, 04/08 and 14/12) shall cease to exist, except for the provisions of Articles 28 and 29 which shall apply until the entry into force of the regulations referred to in Article 7 paragraph 3 of this Law.

Entry into force
Article 109

This Law shall enter into force eight days upon its publishing in the “Official Gazette of Montenegro.