

Decree on announcement of the Law on prevention of Money Laundering and Terrorist Financing (Official Gazette of Montenegro , No. 14/07 from 21st Dec 2007, 04/08 from 17th Jan 2008, 14/12 from 7th March 2012)

I announce the Law on Prevention of Money Laundering and Terrorist Financing, adopted by the parliament of Montenegro at the second sitting of the second regular session in 2007 , on 29th November 2007.

No. 01-1425/2
Podgorica, 14th December 2007
President of Montenegro,
Mr. Filip Vujanovic m.p.

Law on Prevention of Money Laundering and Terrorist Financing

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

For the purposes of this Law, the following conduct shall be regarded as money laundering:

- (a) 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;
- (b) 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;
- (c) 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;
- (d) participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counseling the commission of any of the actions mentioned in the points 1, 2 and 3.

Money laundering shall be regarded as such even in cases when the activities from paragraph 1 of this Article were carried out in the territory of another country

Terrorist Financing

Article 3

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, and
2. encouraging or assisting in providing or collecting the funds or property from the item 1 of this Article.

Reporting entities

Article 4

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 carrying out the transactions for which there is suspicion of money laundering or terrorist financing.

Measures from paragraph 1 of this Article shall be undertaken by business organizations, other legal persons, entrepreneurs and natural persons (hereinafter referred to as: reporting entities), as follows:

- 1) banks and foreign banks' branches and other financial institutions.
- 2) savings-banks, and savings and loan institutions;
- 3) organizations performing payment transactions,
- 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) insurance companies and branches of foreign insurance companies dealing with life assurance, insurance intermediaries and companies providing services in respect of the activities of insurance agents when they act in respect of life insurance;
- 9) organizers of lottery and special games of chance;
- 10) exchange offices;
- 11) pawnshops;
- 12) audit companies, independent auditor and legal or natural persons providing accounting and tax advice services;
- 13) institutions for issuing electronic money;

- 14) humanitarian, non-governmental and other non-profit organizations, and
- 15) other business organizations, legal persons, entrepreneurs and natural persons engaged in an activity or business of:
- sale and purchase of claims;
 - factoring;
 - third persons' property management;
 - issuing and performing operations with payment and credit cards;
 - financial leasing;
 - travel organizing;
 - investment, and agency in real estate trade;
 - motor vehicles trade;
 - vessels and aircrafts trade;
 - sport organizations;
 - safekeeping;
 - issuing warranties and other guarantees;
 - crediting and credit agencies;
 - catering;
 - granting loans and brokerage in loan negotiation affairs;
 - 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 € 15.000 or more, in one or more interconnected transactions.

By way of exception to item 2 of this Article a regulation of the Government of Montenegro (hereinafter: the Government) can define the other reporting entities that shall take the measures from item 1 of this Article if, considering the nature and manner of carrying out activities or business, there is a more significant risk of money laundering or terrorist financing, or define, in accordance with special conditions prescribe by the international standards, the reporting entities that do not need, in certain cases, to undertake the measures and actions prescribed by this Law.

Definition of Terms

Article 5

The terms used in this Law have the following meaning:

1. **"terrorist act"** shall mean an act defined by the United Nations Convention for the Suppression of the Financing of Terrorism;
2. **"terrorist"** shall mean 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 a group of persons to commit a terrorist act, has contributed, or is contributing to the commission of a terrorist act;
3. **"terrorist organization"** shall mean 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. **"transaction"** shall mean receiving, investing, exchanging, keeping or other form of disposing of money or other property;
5. **"risk of money laundering and terrorist financing"** shall mean 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;
6. **"correspondent relationship"** shall mean a relationship between a domestic and a foreign credit, 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 enters into with a foreign credit or other institution, with a view to operating business with foreign countries”.
7. **"Shell bank"** shall mean a credit institution¹, or other similar institution, registered in a country in which 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.
8. "insurance intermediary" means any legal or natural person- entrepreneur who, based on the license issued by the regulatory authority, is engaged into mediation affairs related to establishing connection between the insurer, or contractor of the insurance, and insurance company, for the purpose of negotiating on concluding contract on insurance, on the basis of an order of an insurance company or, or an order of an insurer, or contractor of the insurance.
9. **"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;
10. **"business relationship"** means a business, professional or commercial relationship which is connected with the professional activities of the institutions and persons covered by this Law and which is expected, at the time when the contact is established, to have an element of duration;
11. **"Customer identification"** shall be a procedure including:
 - establishment of the identity of a customer, or if the identity has been previously established, verification of the identity on the basis of reliable, independent and objective sources, and
 - gathering data on a customer, or if data have been gathered, verifying the gathered data on the basis of reliable, independent and objective sources.

¹ In the Montenegrin version of the existing Law on the Prevention of Money Laundering and Terrorist Financing, the words 'kreditna organizacija' (credit organization) are used. However, the equivalents in the version translated in English are 'credit institution'. Thus, this change of terms applies only to the version of the Law in Montenegrin language.

II DUTIES AND LIABILITIES OF REPORTING ENTITIES

1. Basic Duties

Article 6

This Article is deleted. (Official Gazette of Montenegro , No.14/12)

2. Customer Identification

Article 7

This Article is deleted. (Official Gazette of Montenegro , No.14/12)

Risk Analysis

Article 8

A reporting entity shall make risk analysis for determining the risk assessment of an individual client, a group of clients, business relationship, transaction or product related to the possibility of misuse for the purpose of money laundering or terrorist financing. The analysis from paragraph 1 of this Article shall be prepared pursuant to the guidelines on risk analysis.

The guidelines from the paragraph 2 of this Article shall be determined by the competent supervisory bodies from the Article 86 of this Law, pursuant to the regulation adopted by the ministry that has jurisdiction over financial affairs (hereinafter: the Ministry).

The regulation from paragraph 3 of this Article shall determine more specific criteria for guidelines development (reporting entity's size and composition, scope and type of affairs, customers, or products and the like).

Cases in which CDD measures shall be conducted

Article 9

A reporting entity shall conduct the appropriate measures from Article 10 of this Law and particularly in the following cases:

1. when establishing a business relationship with a client;
2. of one or more linked transactions amounting to €15, 000 or more;
3. when there is a suspicion about the accuracy or veracity of the obtained client identification data, and
4. when there are reasonable grounds for suspicion of money laundering or terrorist financing related to the transaction or client.

If the transactions from paragraph 1 items 2 and 4 of this Article are based on an already established business relationship, a reporting entity shall:

1. verify the identity of the client that carries out the transaction and gather additional data, pursuant to this Law;
2. obtain evidence on the source of funds and check the consistence of the sources of funds with the business activity of the client, if the client is a

legal person, or with the profession of the client if the client is a natural person.

An organizer of special games of chances shall in carrying out the transaction in the amount of at least € 2, 000 verify the identity of a client and obtain the data from the Article 71 item 6 of this Law.

In the context of this Law, the following shall also be considered as establishing a business relationship:

1. client registration for participating in the system of organizing games of chances at the organizers that organize games of chances on the Internet or by other telecommunication means, and
2. client's access to the rules of managing a mutual fund at managing companies.

CDD Measures undertaken by a reporting entity

Article 10

A reporting entity shall conduct CDD measures, and particularly the following:

1. to identify and verify a client and beneficial owner, if the client is a legal person;
2. to obtain data on the purpose and nature of a business relationship or transaction and other data pursuant to this Law;
3. to monitor regularly the business activities that a client undertakes with the reporting entity and verify their compliance with the nature of a business relationship and the usual scope and type of client's affairs

Customer control when establishing a business relationship

Article 11

A reporting entity shall apply the measures from Article 10 items 1 and 2 of this Law prior to establishing a business relationship.

By way of exception from paragraph 1 of this Article, a reporting entity can apply the measures from Article 10 items 1 and 2 of this Law during the establishment of a business relationship with a client when a reporting entity estimates it is necessary and when there is insignificant risk of money laundering or terrorist financing.

When concluding a life insurance contract the reporting entity from Article 4 paragraph 2 item 8 of this Law can exert control over 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.

If the evidence on the client's identity, from paragraph 3 of this Article, cannot be obtained the business relationship shall not be established, and if the business relationship has already been established it can be terminated

Control of the customer before carrying out a transaction

Article 12

When carrying out transactions from Article 9 paragraph 1 item 2 of this Law a reporting entity shall apply the measures from Article 10 items 1 and 2 of this Law before executing the transaction.

If the evidence on the client's identity cannot be obtained the business relationship shall not be established and transactions shall not be executed.

Wire transfers

Article 12a

A reporting entity engaged in payment operations services or money transfer services shall obtain accurate and complete information on the originator and enter them into the form or message related to wire transfers of funds sent or received in any currency that is the subject of the wire transfer.

The data from paragraph 1 of this Article shall accompany the funds transfer through the payment chain.

A provider of payment operations or money transfer services, that is an intermediary or beneficiary person of the funds, shall refuse to transfer the funds unless the originator's data are complete or shall require the originator's data to be completed within the shortest time possible.

In the process of gathering the data from paragraph 1 of this Article, providers of payment operations or money transfer services shall identify the originator by checking a personal identification document issued by a competent authority.

The content and type of the data from paragraph 1 of this Article, and other obligations of the providers of payment operations or money transfer services, as well as the exceptions from data gathering requirement when transferring funds that present insignificant risk of money laundering and terrorist financing, shall be more specifically regulated by a regulation of the Ministry.

Exemption from customer due diligence in relation to certain services

Article 13

Insurance companies conducting life insurance business and business units 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) entering into life insurance contracts where an individual installment of premium or multiple installments 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;
- a conclusion of a collective insurance contract ensuring the right to a pension.

Domestic and foreign companies and business units of foreign companies that issue electronic money do not need to conduct customer due diligence measures when:

1. issuing electronic money, if the single maximum value issued on the electronic data carrier, upon which 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 value kept on the electronic data carrier, upon which 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.

The provisions of paragraphs 1 and 2 of this Article do not apply to cases when in relation to a transaction or client there is suspicion in money laundering or terrorist financing.

2. Applying customer control measures

Establishing and verifying a natural person identity

Article 14

A reporting entity shall establish and verify the identity of a customer that is a natural person or of his/her legal representative, entrepreneurship, or a natural person performing activities, by checking the personal identification document of a customer in his/her presence and obtain data from Article 71 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.

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 on electronic signature and electronic business.

Within establishing and verifying the identity of a customer in the manner determined in paragraph 2 of this Article a reporting entity shall enter the data on a customer from the qualified electronic certificate into data records from Article 70 of this Law. The data that cannot be obtained from a qualified electronic certificate 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.

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.

Establishing and verifying the identity of a customer using a qualified electronic certificate is not permitted when:

1. opening accounts at 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, and
2. there is 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.

If a reporting entity, when establishing and verifying the identity of a customer, doubts the accuracy of obtained data or veracity of documents and other business files from which the data have been obtained, he/she/it shall request a written statement from a customer.

Establishing and verifying the identity of a legal person

Article 15

A reporting entity shall establish and verify the identity of a customer that is a legal person and obtain the data from Article 71 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 an agent on behalf of a legal person.

The document from paragraph 1 of this Article may not be older than three months of its issue date.

A reporting entity can establish and verify the identity of a legal person and obtain data from Article 71 item 1 of this Law by checking the CBR or other appropriate public register. On the register extract that has been checked a reporting entity shall state date and time and the name of the person that has made the check. An organization shall keep the excerpt from the register in accordance with law.

A reporting entity shall obtain data from Article 71 items 2, 7, 9, 10, 11, 12, 13 and 14 of this Law by checking the originals or certified copies of documents and other business files. If data cannot be determined by checking identifications and documentation, the missing data shall be obtained directly from an agent or authorized person.

A reporting entity shall keep, in its documentation, the original or verified copy of the customer's documents.

If, during establishing and verifying the identity of a legal person, a reporting entity doubts the accuracy of the obtained data or veracity of identification and other business files from which the data have been obtained, he/she/it shall obtain a written statement from an agent or authorized person before establishing a business relationship or executing a transaction.

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 a foreign legal person and its business unit.

Establishing and verifying the identity of the agent of a legal person

Article 16

A reporting entity shall establish and verify the identity of an agent and obtain data from Article 71 item 2 of this Law by checking the personal identification document of the agent 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 agent or authorized person.

If a reporting entity doubts the accuracy of the obtained data when establishing and verifying the identity of an agent, he/she/it shall require agent's written statement.

Establishing and verifying the identity of an authorized person

Article 17

If an authorized person establishes a business relationship on behalf of a customer that is a legal person, a reporting entity shall establish and verify the identity of an authorized person and obtain data from Article 71 item 2 of this Law by checking the personal identification document of an authorized person and in his 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 authorized person.

A reporting entity shall obtain data from paragraph 1 of this Article on the legal representative on whose behalf the authorized person acts, from a certified written power of authorization, issued by a legal representative.

If the transaction from Article 9 paragraph 1 item 2 of this Law is executed by an authorized person on customer's behalf, a reporting entity shall verify the identity of the authorized person and obtain data from Article 71 item 3 of this Law

on a customer that is a natural person, an entrepreneur or a natural person performing a business activity.

If a reporting entity doubts the accuracy of the obtained data when establishing and verifying the identity of a legal representative that acts on behalf of a legal person, it shall obtain a legal representative's written statement thereon.

Special cases of establishing and verifying customer identity

Article 18

The customer's identity, pursuant to Article 7 of this Law, shall be established, or verified 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 agent, or a person he/she has authorized, to the safe deposit box.

When establishing and verifying the customer's identity pursuant to paragraph 1 of this Article an organizer of games of chance or a reporting entity performing the activity of safekeeping shall obtain the data from Article 71 items 6 and 8 of this Law.

3. Establishing the beneficial owner

Beneficial Owner

Article 19

Beneficial owner is the natural person who ultimately owns or controls the client and/or the natural person on whose behalf a transaction is being conducted, and as well as the person that ultimately exercises control over a legal entity or legal arrangement.

A beneficial owner of a business organization, i.e. 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 at least 25% share of the capital or has a dominating influence in the assets management of the business organization;

2) a natural person that indirectly ensures or is ensuring 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.

As a beneficial owner of a foreign legal entity (trust, fund and the like) that receives, manages or allocates assets for certain purposes, in the context of this Law, shall be considered

1) a natural person, that indirectly or directly controls at least 25% of a legal person's asset or of a similar foreign legal entity;

2) a natural person, 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 entity

Article 20

A reporting entity shall be bound to establish the beneficial owner of a legal person or foreign legal person by obtaining data from Article 71 item 15 of this Law.

A reporting entity shall obtain the data from paragraph 1 of this Article by checking the original or certified copy of the documentation from the CBR or other appropriate public register that may not be older than three months of its issue date or obtain them on the basis of the CBR or other public register in accordance with Article 14 paragraphs 3 and 5 of this Law.

If the required data cannot be obtained in the manner determined in paragraphs 1 and 2 of this Article, a reporting entity shall obtain the missing data from a written statement of an agent or authorized person.

Data on beneficial owners of a legal person or similar foreign legal entity shall be verified to the extent that ensures complete and clear insight into the beneficial ownership and managing authority of a customer respecting risk-degree assessment.

4. Obtaining data on the client, business relationship, product and transaction

Article 21

Within the control of a client from Article 9 paragraph 1 item 1 of this Law, a reporting entity shall obtain data and keep records from Article 71 items 1, 2, 4, 5, 7, 8 and 15 of this Law.

Within the control of a client from Article 9 paragraph 1 item 2 of this Law, a reporting entity shall obtain data and keep records from Article 71 items 1, 2, 3, 4, 5, 9, 10, 11, 12, 13 and 15 of this Law.

Within the control of a client from Article 9 paragraph 1 items 3 and 4 of this Law, a reporting entity shall obtain data and keep records shall obtain data from Article 71 of this Law.

5. Monitoring business activities

Article 22

A reporting entity shall monitor customer's business activities, including the sources of funds the customer uses for business.

Monitoring business activities from paragraph 1 of this Article at a reporting entity shall particularly include the following:

1. verifying the compliance of customer's business with nature and purpose of contractual relationship;

2. monitoring and verifying the compliance of customer's business with usual scope of her/his affairs, and
3. monitoring and regular updating of documents and data on a customer, which includes conducting repeated annual control of a customer in the cases from Article 23 of this Law.

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 of a foreign legal person

Article 23

If a foreign legal person executes transactions from Article 9 paragraph 1 of this Law at a reporting entity, the reporting entity shall, in addition to monitoring business activities from Article 22 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 a customer.

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%.

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

1. obtaining or verifying data on the company, address and registered office;
2. obtaining data on personal name and permanent and temporary residence of an agent;
3. obtaining data on a beneficial owner, and
4. obtaining a new power of authorization from Article 17 paragraph 2 of this Law.

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 a foreign legal person, and
2. data on personal name and permanent residence of the agent of the foreign legal person business unit .

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 documentation from the CBR or other appropriate public register that may not be older than three months of its issue date, or by checking the CBR or other appropriate public register. If the required data

cannot be obtained by checking the documentation, the missing data shall be obtained from the original or certified copy of documents and other business files, forwarded by a legal person upon a reporting entity's request, or directly from a written statement of the agent of a legal person from paragraphs 1 and 2 of this Article.

By the way of exception to paragraphs 1, 2, 3, 4 and 5 of this Article a reporting entity shall conduct repeated control of a foreign person from Article 29 item 1 of this Law.

6. Special types of customer due diligence

Article 24

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 25

A reporting entity shall conduct enhanced customer due diligence in cases when a reporting entity estimates that there is high risk on money laundering or terrorist financing.

Reporting entity shall conduct enhanced CDD measures in the following cases as well:

1. on entering into open account relationship with a bank or other similar credit institution, with registered office outside the EU or outside the states from the list;
2. on entering into business relationship or executing transaction from Article 9 paragraph 1 item 2 of this Law with a customer that is a politically exposed person from Article 27 of this Law,
3. when a customer is not present during the verification process of establishing and verifying the identity.

A reporting entity shall apply enhanced customer due diligence measures in cases when, in accordance with the Article 8 of this Law, a reporting entity estimates that regarding the nature of a business relationship, the form and manner of executing a transaction, business profile of the client or other circumstances related to the client, there is or there could be a high risk of money laundering or terrorist financing."

Correspondent relationships of banks with credit institutions of other countries

Article 26

When establishing a correspondent relationship with a bank or other similar credit institution that has a registered office outside the European Union or outside

the states from the list, a reporting entity shall perform customer due diligence pursuant to Article 10 of this Law and obtain the following data;

- 1) issue date and validity of the license for providing banking services and the name and registered office of the competent state body that issued the license;
- 2) description of conducting internal procedures, related to detection and prevention of money laundering and terrorist financing, and in particular, client verification procedures, determining beneficial owners, reporting data on suspicious transactions and clients to competent bodies, records keeping, internal control and other procedures, that a bank or other similar credit institution has established in relation to preventing and detecting money laundering and terrorist financing;
- 3) description of systemic organization in the area of detecting and preventing money laundering and terrorist financing, applied in a third country, where a bank or other similar credit institution has a registered office or where it has been registered;
- 4) a written statement, that a bank or other similar credit institution in the state where it has a registered office or where it has been registered, under legal supervision and that, in compliance with legislation of that state, shall apply appropriate regulations in the area of detecting and preventing money laundering and terrorist financing;
- 5) a written statement that a bank or other similar credit institution does not operate as a shell bank;
- 6) a written statement that a bank or other similar credit institution has not established or it does not establish business relationships or executes transactions with shell banks.
- 7) a written statement that a bank or other similar credit institution has with respect to payable-through accounts, be satisfied that the respondent credit institution has verified the identity of and performed ongoing due diligence on the customers having direct access to accounts of the correspondent and that it is able to provide relevant data from the CDD procedure.

A reporting entity shall obtain the data from paragraph 1 of this Article from public or other available data records, or by checking documents and business files provided for by a bank or other similar credit institution that has a registered office outside the European Union or outside the states from the list.

Politically exposed persons

Article 27

A natural person that is acting or has been acting in the last year on a distinguished public position in Montenegro or in another country or on the international level, including his/her immediate family members and close associates, shall, in the context of this Law, be considered politically exposed person, as follows:

1. presidents of states, prime ministers, ministers and their deputies or assistants, heads of administration authority and authorities of local governance units, as well as their deputies or assistants and other officials;
2. elected representatives of legislative authorities;
3. holders of the highest juridical and constitutionally judicial office;
4. members of State Auditors Institution or supreme audit institutions and central banks councils;
5. consuls, ambassadors and high officers of armed forces, and

6. members of managing and supervisory bodies of enterprises with majority state ownership.

Marital or extra-marital partner and children born in a marital or extra-marital relationship and their marital or extra-marital partners, parents, brothers and sisters shall be deemed immediate family members of the person from paragraph 1 of this Article.

Close associates of the person from paragraph 1 shall be deemed the following:

1. any natural person who is known to have joint beneficial ownership of legal entities or legal arrangements, or any other close business relations, with a politically exposed person;
2. any natural person who has sole beneficial ownership of a legal entity or has established business relations for the benefit of the politically exposed person.

Within enhanced customer verification from paragraph 1 of this Article, in addition to identification from Article 10 of this Law, a reporting entity shall:

1. obtain data on funds and asset sources, that are the subject of a business relationship or transaction, from personal or other 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 of the person in charge before establishing business relationship with a customer, and
3. after establishing a business relationship, monitor with special attention transactions and other business activities carried out with an institution by a politically exposed person.

A reporting entity shall by an internal enactment, in accordance with the guidelines of a competent supervisory authority, determine the procedure of identifying a politically exposed person.

The list of politically exposed persons from the paragraph 1 of this Article shall be published on the website of the competent administration body.

Verifying the identity of a customer in absence

Article 28

If a client is not present during the identity verification, a reporting entity shall, within enhanced customer due diligence, in addition to the appropriate measures from Article 10 of this Law, undertake one or more additional measures, such as:

- 1) obtaining additional documents, data or information, on the basis of which he/she verifies client identity;
- 2) verifying the submitted documents and to obtain a certificate from a financial institution or a bank performing payment operations, that the first client's payment has been made on the account held with the relevant financial institution."

New technologies **Article 28a**

Banks and other financial institutions shall take measures and actions to eliminate money laundering risks that may arise from new developing technologies that might allow anonymity (internet banking, cash dispenser use, phone banking etc.).

Banks and other financial institutions shall adopt internal procedures for prevention of the new technologies use for the purpose of money laundering and terrorist financing.

Simplified customer verification **Article 29**

Unless there are reasonable grounds for suspicion of money laundering or terrorist financing in relation to a customer or transaction from Article 9 paragraph 1 items 1 and 2 of this Law, a reporting entity can conduct simplified verification of a customer that is:

1. the reporting entity from Article 4 paragraph 2 items 1, 2, 4, 5, 6, 8 and 9 of this Law or other appropriate institution that has a registered office in the EU or in a state from the list of countries applying the international AML/CFT standards that are at the same level as the EU standards or higher;
2. state body or local governance body and other legal persons exercising public powers;
3. an organization whose securities are included in the trade on the organized market or stock exchange market in the EU member states or other states where the international standards that are at the same level of European Union standards or higher are applied .

The list of states from paragraph 1 of this Article shall be published on the website of the competent administration body.

Obtaining and verifying customer data **Article 30**

Simplified customer verification and monitoring from Article 29 of this Law shall include obtaining data when:

1. establishing a business relationship, the data on:
 - a company and the registered office of a legal person that establishes, or on whose behalf and for whose account a business relationship is being established;
 - the personal name of an agent or authorized person that establishes a business relationship for a legal person, and
 - the purpose, nature and date of establishing a business relationship;
2. executing transactions from Article 9 paragraph 1 item 2 of this Law:
 - company and the registered office of a legal person, on whose behalf and for whose account a transaction is being conducted;
 - the personal name of an agent or authorized person conducting 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, and
- the purpose of a transaction, personal name and permanent residence, or a company and registered office of a legal person whom the transaction is intended to.

A reporting entity shall obtain data from paragraph 1 of this Article by checking the originals or certified copies of the documentation from CBR or other appropriate public register submitted by a customer or by direct check.

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 an agent or authorized person.

Documentation from paragraphs 1, 2 and 3 of this Article may not be older than three months of its issue date.

Limitations for carrying on business with a customer

Article 31

A reporting entity may 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 identity.

Prohibition of carrying on business with shell banks

Article 32

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

7. Reporting obligation

Article 33

A reporting entity shall provide to the competent administration body data from Article 71 items 1, 2, 3, 4, 5, 9, 10, 11 and 12 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.

A reporting entity shall provide data from Article 71 of this Law to the competent administration body without delay when there are reasonable grounds for suspicion

of money laundering or terrorist financing related to the transaction (regardless of the amount and type) or customer, before the execution of the transaction, and state the deadline within which the transaction is to be executed. The statement could also be provided via telephone, but it has to be sent to the competent administration body in a written form as well, not later than the following working day from the day of providing the statement.

A reporting entity shall provide to the competent administration body data from Article 71 of this Law after the executed transaction, when there is suspicion of money laundering or terrorist financing related to the transaction (regardless of the amount or type) or client.

Where a transaction is considered to represent money laundering or terrorist financing and when it is not possible to suspend such transaction, or when there is probability that the efforts of monitoring a client engaged into activities suspected to be related to money laundering or terrorist financing could be frustrated, reporting entities shall notify the competent administration body immediately afterwards.

The obligation from paragraph 2 of this Article shall refer to the reported transaction as well, regardless of whether it is executed later or not.

The manner and requirements of providing the data from paragraphs 1 to 5 of this Article shall be more specifically defined by the Ministry.

Unusual transactions

Article 33a

A reporting entity shall analyze all unusually large transactions which have no apparent economic or visible lawful purpose.

The findings of the analysis from paragraph 1 of this Article shall be recorded in writing by the reporting entity.

A reporting entity shall determine by an internal act its own criteria for recognizing unusual transactions.

The Guidelines on transactions that are considered as unusual shall be established by the Ministry on the basis of professional opinion of the competent administration body.

8. Applying measures of detection and prevention of money laundering and terrorist financing in business units and companies with majority ownership in foreign states

Article 34

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.

If the regulations of a state do not prescribe the implementation 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 competent administration body on that and undertake measures for removing money laundering or terrorist financing risk.

9. Designating a compliance officer and his/her deputy

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

Article 35

A reporting entity shall establish and apply appropriate rules regarding the procedures with a client, reporting, keeping of data, internal control, risk assessment, risk management, compliance management and communication in order to forestall and prevent operations related to money laundering or terrorist financing.

Banks, credit and other financial institutions defined by this Law shall order, conduct and supervise the application of the rules from paragraph 1 of this Article in branches and majority-owned subsidiaries in third countries.

Reporting entities that have more than three employees shall designate a compliance officer and his/her deputy for the affairs of detecting and preventing money laundering and terrorist financing.

At reporting entities' that have less than four employees the affairs of detecting and preventing money laundering and terrorist financing shall be performed by a director or other compliance officer.

If the reporting entity from Article 4 paragraph 2 of this Law does not designate a compliance officer, the authorized representative or other person managing the affairs of the reporting entities, or the reporting entity's person in charge, in accordance with the Law.

Requirements for a compliance officer

Article 36

The affairs of a compliance officer and deputy compliance officer from Article 35 of this Law can be performed by a person meeting the requirements determined by the general enactment on systematization of job positions, particularly including the following:

1. that he/she is permanently employed for carrying on affairs and tasks that are in accordance with the enactment on systematization 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;
2. that he/she has professional skills for performing affairs of preventing and detecting money laundering and terrorist financing and has professional competencies for reporting entity's operation in the areas where the risk of money laundering or terrorist financing exists, and
3. he/she has not been finally convicted of a crime act for which punishment of imprisonment longer than six months is provided for, and which makes him/her inadequate for performing affairs of prevention of money laundering and terrorist financing.

Compliance officer's obligations

Article 37

A compliance officer from Article 35 of this Law shall perform the following affairs of:

1. taking care for establishing, functioning and developing the system of detecting and preventing money laundering and terrorist financing;
2. taking care for proper and timely data provision to the competent administration body;
3. initiating and participating in preparing and modifying operational procedures and preparing reporting entity's internal enactments related to the prevention and detection of money laundering and terrorist financing;
4. cooperating in preparation of guidelines for carrying out verifications related to the prevention of money laundering and terrorist financing;
5. monitoring and coordinating reporting entity's activity in the area of detecting and preventing money laundering and terrorist financing;
6. cooperating in establishing and developing information technology for carrying out activities of detecting and preventing money laundering and terrorist financing;
7. make initiatives and proposals to the competent administration body or managing or other body of a reporting entity for the improvement of the system for detecting and preventing money laundering and terrorist financing, and
8. preparing programs of professional training and improvement of the employed at reporting entities in the area of detecting and preventing money laundering and terrorist financing.

A compliance officer shall be directly accountable to the administration or other managing or other reporting entity's body, and functionally and organizationally shall be separated from other organizational parts of a reporting entity.

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 enactment of a reporting entity (deputy of the compliance officer).

Working conditions for a compliance officer

Article 38

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 employed;
2. appropriate competencies for efficient performance of tasks from Article 38 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 manages 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, and
7. deputy during the absence from work.

Managing body in an organization 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.

A reporting entity shall provide the competent administration body with data on the personal name and name of the job position of the compliance officer and the person that substitutes the compliance officer in the case of his/her absence or inability to attend to his/her duties, as well as inform the competent administration body 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 39

A reporting entity, a lawyer, or a notary shall ensure regular professional training and improvement of employees performing affairs of detecting and preventing money laundering and terrorist financing.

A reporting entity, a lawyer, or a 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.

10. Internal control

Article 40

A reporting entity shall ensure regular internal control of performing affairs of detecting and preventing money laundering and terrorist financing.

The method of work of compliance officer person, exercising internal control, keeping and protecting data, keeping records and the training of the employees at a reporting entity, lawyers, law offices and law firms (hereinafter: a lawyer), 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 41

A lawyer or a notary shall, in compliance 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, and
 - founding, dealing with or managing an institution, fund, business organization or other similar organization form.

2. he/she executes a financial transaction or transaction concerning real estate on behalf and for a customer.

Customer verification

Article 42

Within customer verification in the process of establishing the identity from Article 9 paragraph 1 items 1 and 2 of this Law, a lawyer or notary shall obtain data from Article 73 items 1, 2, 3, 4, 5, 6 and 11 of this Law.

Within customer verification in the process of establishing the identity from Article 9 paragraph 2 of this Law, a lawyer or notary shall obtain data from Article 73 items 1, 2, 3, 4, 7, 8, 9, 10 and 11 of this Law.

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 73 items 12, 13 and 14 of this Law.

A lawyer or notary shall establish and verify the identity of a customer or his/her agent, or authorized person and obtain data from Article 73 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 may not be older than three months of its issue date.

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, obtaining data from Article 73 item 4 of this Law, by checking the originals or certified copy of the documentation from the CBR or other public register, that may not be older than a month of its issue date. If the required data cannot be obtained from register, the missing data shall be obtained by checking the originals or certified copies of documents and other business documentation submitted by the agent of a legal person or other organizational form or its authorized person.

A lawyer or notary shall obtain the missing data from Article 73 of this Law by checking the originals or certified copies of documents and other business files.

If the required data cannot be obtained in the manner from paragraphs 1, 2, 3, 4, 5 and 6 of this Article, the missing data, otherwise than data from Article 73 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 43**

If a lawyer or a notary, when performing affairs from Article 41 item 2 of this Law, establishes that there are reasonable grounds for suspicion of money laundering or terrorist financing related to a transaction or a customer, he/she shall inform the competent administration body before the execution of a transaction and in the report he/she shall state the deadline within which the transaction is to be executed. The information can be provided via telephone, but it must be sent in written form to the competent administration body not later than the following working day after the day of informing.

The obligation from paragraph 1 of this Article shall refer to planned transactions as well, regardless of whether the transaction has been executed later, or not.

If a lawyer, law office or notary in cases from items 1 and 2 of this Article cannot provide information due to the nature of transaction, due to the fact that it has not been executed or due to other justified reasons, he/she/it shall provide data to the competent administration body as soon as possible, or as soon as he/she/it finds out that there are reasonable grounds for suspicion of money laundering or terrorist

financing and substantiate the reasons for not acting in the prescribed manner from paragraphs 1 and 2 of this Article.

When a customer asks for advice on money laundering or terrorist financing, a lawyer or notary shall inform the competent administration body without delay.

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 competent administration body

A lawyer, legal firm or notary shall provide data from Article 74 of this Law to the competent administration body in the manner defined by the regulation of the Ministry.

Exceptions

Article 44

By the way of exception to Article 43 paragraphs 1 and 2 of this Law, a lawyer does not need to provide the competent administration body with data he/she 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.

Upon the competent administration body's request for providing data from Article 49 paragraphs 1 and 2 of this Law, a lawyer shall, without delay, 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.

A lawyer does not need to report on cash transactions from Article 33 paragraph 1 of this Law, unless there are reasonable grounds for 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 45

When establishing reasonable grounds for suspicion of money laundering or terrorist financing and other circumstances related to the suspicion, a reporting entity, lawyer or notary shall use list of indicators for identifying suspicious customers and transactions.

List of indicators from paragraph 1 of this Article shall be placed in the premises of reporting entities, lawyers or notaries.

Defining the list of indicators

Article 46

The list of indicators for identifying suspicious customers and transactions shall be defined by the Ministry on the professional basis prepared by the competent administration body in cooperation with other competent bodies.

V ADMINISTRATION BODY COMPETENCIES

Affairs and tasks of the competent body

Article 47

Administration affairs related to detecting and preventing money laundering and terrorist financing defined by this Law and other regulations shall be performed by the competent administration body.

Provision of data, information and documentation to the competent administration body from paragraph 1 of this Article shall be carried out without compensation in accordance with this Law.

Data provision upon request

Article 48

The competent administration body, after estimating that there are reasonable grounds for suspicion of money laundering or terrorist financing, can request from a reporting entity to provide, in particular, the following data:

1. from the records on clients and transactions, kept on the basis of Article 70 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, and
5. information that a reporting entity has obtained or kept on the basis of law.

In the request from paragraph 1 of this Article the competent administration body shall state the data that are to be provided, legal basis, the purpose of data gathering and the deadline for their provision.

The competent administration body 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 are reasonable grounds for suspicion of money laundering or terrorist financing.

Upon the request of the competent administration body in cases from paragraphs 1 and 2 of this Article, a reporting entity shall provide the documentation that it keeps.

The competent administration body can require from a reporting entity to provide data, information and documentation related to performing affairs in accordance with this Law, as well as other necessary data for monitoring the fulfillment of obligations defined by this Law.

A reporting entity shall provide data, information and documentation from paragraphs 1, 2, 3, 4 and 5 of this Article to the competent administration body without delay, and not later than eight days since the day of receiving the request.

Upon the competent administration body's request for delivering data, information and documents from paragraphs 1 to 5, 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.

The competent administration body can, due to extensive documentation or other justified reasons, upon the reasoned request of a reporting entity, prolong the deadline from paragraph 2 of this Article or carry out data verification at a reporting entity.

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

Article 49

If the competent administration body estimates that there are reasonable grounds for suspicion of money laundering or terrorist financing, it can request from a lawyer or notary to provide data from Article 48 of this Law necessary for detecting money laundering or terrorist financing.

The competent administration body shall state in the request the data that are to be provided, legal basis, the purpose of data gathering and the deadline for their provision.

The competent administration body 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 are reasonable grounds for suspicion of money laundering or terrorist financing.

The competent administration body can require a lawyer or notary to provide data, information and documentation related to performing affairs in accordance with this Law, as well as other necessary data for monitoring the fulfillment of obligations defined by this Law.

Considering terms and manners of providing data from paragraphs 1, 2, 3 and 4 of this Law provisions from Article 48 paragraphs 6 and 7 of this Law shall be applied.

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

Article 50

If the competent administration body estimates that there are reasonable grounds for 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.

The competent administration body shall state in the request the data that are to be provided, legal basis, the purpose of data gathering and the deadline for their provision.

The competent administration body 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 business of persons for whom there are reasonable grounds for suspicion of money laundering or terrorist financing.

State authorities and public powers holders shall provide the requested data, information and documentation to the competent administration body without delay, and not later than eight days after the day of receiving the request, or enable, without compensation, direct electronic access to data and information stated in the request.

An order on temporary suspension of transaction

Article 51

The competent administration body may temporarily suspend transaction by written order, within 72 hours, if it evaluates that there are reasonable grounds for suspicion of money laundering or terrorism financing, and is obliged, without delay, to notify competent bodies of it.

If the deadline referred to in this paragraph occurs during non-working days, the competent state authority shall issue an order to extend such deadline for additional 48 hours.

If due to the nature of transaction or manner of executing the transaction or other circumstances, under which the transaction has been carried out, refraining from the transaction execution is impossible, an order shall be done verbally, with exemption of paragraph 1 of this Article.

Person in charge of a reporting entity should make a note on receiving verbal order from the Paragraph 1 of this article.

The competent administration body shall, without delay, provide in written form previously given verbal order.

Upon received notification of suspension of transaction, competent authorities from paragraph 1 of this Article are obliged to act urgently in accordance with their powers and within 72 hours from the beginning of the temporary suspension of transaction and shall immediately inform the competent administration body.

Termination of the measures for temporary suspension of transaction

Article 52

If the competent authority of the competent administration body, within 72 hours from the order on temporary suspension of transaction, evaluates that there is no reasonable suspicion on money laundering and terrorism financing, shall without delay inform the competent authorities and the reporting entity.

If the competent authority within 72 hours does not take measures from the Article 51 paragraph 5 of this Law, reporting entity shall immediately execute the transaction.

Request for ongoing monitoring of customer's financial operations

Article 53

The competent administration body shall request, in written form, from the reporting entity ongoing monitoring of customer's financial business, in relation to which there are reasonable grounds for suspicion of money laundering or terrorism financing, or other persons, for which may be concluded that he/she cooperated or participate in transactions or operations activity to which are grounds for reasonable suspicion of money laundering or terrorism financing are related , and shall determine deadline within which is obliged to inform and to provide required data.

Reporting entity shall provide or inform the competent administration body on data from the paragraph 1 of this Article, before carrying out the transaction or concluding the business and in report shall state deadline estimation, within which the transaction or business should be done.

If due to the nature of transaction or business or due to other justified reasons reporting entity is not able to act as it is prescribed in paragraph 2 of this Article, he/she shall forward the data to the competent administration body as soon as he/she is able to do so, but not later than next working day from the day of carrying out the transaction or concluding the business activity. The organization shall explain in the report the reasons for not acting in accordance with the provisions of paragraph 2 of this Article.

Ongoing monitoring of transactions from paragraph 1 of this Article shall not be longer than 3 months and for reasonable grounds for suspicion of money laundering and terrorism financing it 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 54

If in relation to a certain transaction or a person there are reasons for suspicion of money laundering or terrorist financing, the competent administration body shall on the basis of written and grounded initiative of the Court, State Prosecutor, Police Directorate, National Security Agency, Tax Administration, Custom Directorate, Directorate for Anti Corruption and other competent state authorities, initiate the procedure for obtaining and analyzing data, information and documentation for the purpose of detecting and preventing money laundering and terrorist financing.

The written initiative from the paragraph 1 of this Article shall include the reasons for suspicion of money laundering or terrorist financing and arguments, as well as the following data:

1. name and surname, date and place of birth, permanent residence of the natural person, or the name, address and registered office for the legal person, that are related to the suspicion of money laundering or terrorist financing;
2. data on the transaction related to the suspicion of money laundering or terrorist financing (subject, amount, currency, date or period of executing the transactions or other data on transactions);

In cases the written initiative from the paragraph 1 of this Article is not argued and does not contain the data from the paragraph 2 of this Article the competent administration body shall return such written statement to the initiator for supplementing it.

If the written statement is not supplemented within 8 days, or if it is again not argued and contains no data from the paragraph 2 of this Article, the competent administration body shall inform the initiator, in written form, that the initiative is not valid for initiating a procedure for collecting and processing data, stating the reasons for not taking the initiative into consideration and initiating the procedure.”

Notifying on suspicious transactions

Article 55

If the competent administration body 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 are reasonable grounds for suspicion of money laundering or terrorist financing, it shall inform the competent authority in written form with necessary documentation about the reasons for suspicion.

In notification from paragraph 1 of this Article the competent administration body shall not state data on reporting entity and on person employed in the institution, that announced data unless there are reasonable grounds for suspicion that reporting entity or reporting entity's employee committed criminal act of money laundering or terrorist financing, or if those data are necessary for establishing facts in

criminal proceedings and if transferring those data are required, in written form, by Court.

Information on other criminal acts

Article 56

If the Administration, on the basis of data, information and documentation, obtained in accordance with this Law, evaluates that in relation to transaction or a person there are grounds for suspicion of committing other criminal acts that are prosecuted ex officio, shall provide, in written form, information to the competent authority.

Information Feedback

Article 57

After obtaining and analyzing data, information and documentation that are in relation to transactions or persons, for which there are reasonable grounds for suspicion of money laundering or terrorist financing or established facts, that may be connected with money laundering or terrorist financing, the competent administration body shall, in written form, give a notice to reporting entity or person that submitted the initiative, unless the competent administration body evaluates that notification may cause detrimental effects on the course and outcome of the proceeding.

International cooperation

Article 58

Before submitting personal data to the foreign competent authority for prevention of money laundering and terrorist financing, the competent administration body shall carry out a verification if the foreign competent authority to which it shall forward required data, possess arranged system for personal data protection and that used data shall be used only for required purpose, unless it is otherwise provided by the international agreement.

The competent administration body may conclude agreements on financial and intelligence data, information and documentation exchange with foreign countries competent authorities and international organizations in accordance with concluded international agreement.

Request to the competent authority of a foreign state for submitting data

Article 59

The competent administration body may request, within its jurisdiction, from the competent authority of a foreign state data, information, and documentation necessary for detection and prevention of money laundering or terrorist financing.

The competent administration body may use data, information and documentation obtained in accordance with paragraph 1 of this Article, only for purposes provided for by this Law, without previous approval of the competent authority of the foreign state from which data are obtained, may not provide or discover it to another authority, legal or natural person, or use it in purposes that are not in accordance to the conditions and limits established by commissioned competent authorities.

Providing data and information on the request of the competent authority of a foreign state

Article 60

The competent administration body can provide data, information and documentation about persons or transactions if there are reasonable grounds for suspicion of money laundering or terrorist financing on a request of competent authority of foreign state for detection and prevention of money laundering and terrorist financing, under reciprocity conditions.

The competent administration body needs not to act in accordance to 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. providing data should jeopardize or may jeopardize the course of criminal proceeding in Montenegro or otherwise could affect interests of the proceeding.

The competent administration body shall give information in written form to the competent authority which provided request, about reasons for rejecting and shall state the reasons for rejecting.

The competent administration body may determine conditions and data usage limits from the paragraph 1 of this Article.

Self initiative data provision to the competent authority of a foreign state

Article 61

The competent administration body may self-initiatively provide data, information and documentation on a customer or transaction, for which there are reasonable grounds for suspicion of money laundering or terrorist financing, that are obtained or processed in accordance to the provisions of this Law, and may provide data to a foreign country competent authority, under reciprocity conditions.

The competent administration body, in process of self initiative data providing may prescribe conditions and limits under which a foreign competent authority for detection and prevention of money laundering or terrorism financing, may use data from paragraph 1 of this Article.

Temporary suspension of transaction on the initiative of the competent authority of foreign state

Article 62

The competent administration body may, in accordance to this Law, under reciprocity conditions, and by reasoned written initiative of a foreign competent authority, by written order temporary suspend transaction within 72 hours.

The competent administration body is obliged to inform competent authorities about the order from the paragraph 1 of this Article.

The competent administration body may reject initiative of the competent authority of foreign state from the paragraph 1 of this Article, if based on the facts and circumstances, that are mentioned in the initiative, evaluate that given reasons are not sufficient grounds for reasonable suspicion of money laundering and terrorism financing, and shall inform in written form the authority that submitted the initiative and give the reasons for its rejection.

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

Article 63

The competent administration body may, within its jurisdiction in detection and prevention money laundering and terrorist financing, submit written initiative to a foreign competent authority for temporary suspension of transaction, if evaluate that there are sufficient grounds for reasonable suspicion of money laundering or terrorist financing.

Prevention of money laundering and terrorism financing

Article 64

The competent administration body shall have the following authorities:

1. to initiate changes and amendments to regulation related to prevention of money laundering and terrorist financing;
2. to participate in consolidation of and to compile the list of indicators for identifying costumers and transactions for which there are grounds for suspicion of money laundering and terrorist financing and to submit it to persons that have duties determined by this Law;
3. to participate in training and professional improvement of reporting entity's compliance officers and competent state authorities;
- 3a) to publish on its website the list of countries that apply international standards in the area of preventing money laundering and terrorist financing that are at the same level as the EU standards or higher;

- 3b) to publish on its website the list of domestic politically exposed persons;
4. to publish on its web site the list of countries that do not apply standards in the area of detection and prevention of money laundering and terrorist financing
 5. to prepare and publish recommendation or guidelines for unique implementation of this Law and regulations enacted in accordance with this Law, at the reporting entities
 6. to publish statistical data related to the money laundering and terrorist financing area (the number of suspicious transaction reports made to the FIU, the follow-up given to these reports and indicate on an annual basis the number of cases investigated, the number of persons prosecuted, the number of persons convicted for money laundering or terrorist financing offences and how much property has been frozen, seized or confiscated), at least once a year and to notify the public, in an appropriate manner, on the phenomenon of money laundering and terrorist financing.

Competent administration body is obliged upon the request of the court or state prosecutor to provide available data, information and documentation from the register of transaction and persons that are necessary for the needs of case prosecution, except the information obtained on the basis of international cooperation and for which don't have approval of the competent authority of the foreign state.

Reporting to the Government

Article 65

The competent administration body shall submit a report to the Government on its work and status, at least once a year.

VI DUTIES OF THE STATE AUTHORITIES

The administration body competent for custom affairs

Article 66

The administration body competent for custom affairs shall provide data or enable electronic access, to the competent administration body, on each money, check, bearer securities, precious metals and precious stones transport across the state border, exceeding value or amount of 10.000 € or more, within 3 days from the date of transporting.

The administration body competent for custom affairs shall provide data, from paragraph 1 of this Law, to the competent administration body on transportation or attempt of money, check, bearer securities, precious metals and precious stones transportation, in value or amount lower than 10.000€ ,if in accordance with person there are reasons for suspicion of money laundering or terrorist financing.

Exchange and clearing-deposit society

Article 67

Exchange and clearing – deposit societies shall, without delay, inform in written form the competent administration body, if during carrying out activities within the scope of its business, detect facts indicating possible connection with a money laundering or terrorist financing.

A legal persons from paragraph 1 of this article shall upon a request of the competent administration body, and in accordance with the Law, provide data, information or documentation that indicate possible connection with a money laundering or terrorist financing.

Courts, State Prosecutor and other state authorities

Article 68

For the purpose of single record keeping on money laundering and terrorist financing the Competent court, State prosecutor and other state authorities shall provide data to the competent administration body about misdemeanor and criminal offences related to money laundering and terrorist financing.

The competent state authority, from paragraph 1 of this Article, shall provide, to the competent administration body, regularly and on the request, the following information:

1. date of filing criminal charge
2. personal name, date of birth and address or company name, registered office of the company and residence of reported person
3. nature of criminal offence and place, time and manner of carrying out the activity, which has elements of a criminal offence, and
4. previous criminal offence and place, time and manner carrying out the activity, which has elements of previous criminal offence.

State prosecutor and the Competent Courts shall, at least semiannually, provide data, to the competent administration body, referring to:

1. personal name, date of birth and address or registered office of the company, address and residence of the reported person or the person that submitted the request for court protection within misdemeanor proceeding of the Law;
2. phase of the misdemeanor proceeding and final decree;
3. legal elements of the nature of criminal offence or misdemeanor

4. personal name, date of birth and address or company name, address and residence of the person for whom is ordered temporary request for the seizure of unlawfully acquired assets or temporary confiscation.
5. date of ordering and duration of the order on temporary request for the seizure of unlawfully acquired assets or temporary confiscation;
6. the amount of the assets or property value, referring to temporary request for the seizure of unlawfully acquired assets or temporary confiscation;
7. date of issuing the order on assets and money confiscation, and
8. the amount of confiscated assets or value of the seized property

Reporting on observations and measures taken

Article 69

The Competent state authorities shall once a year, but not later than end of January of the current year for previous year, inform the competent administration body on its observation and measures taken referring to suspicious transactions on money laundering or terrorism financing, in accordance with this Law.

VII RECORDS, SAVING AND PROTECTING DATA

70. Keeping records and contents

Reporting entity's record keeping

Reporting entities shall:

1. keep records on customers, business relationships and transactions from article 9 of this law;
2. keep records from Article 33 of this Law.

Contents of reporting entity's records

Article 71

In records form Article 71 of this Law shall be kept and processed the following data:

1. name of the company, address, registered office of the company and personal identification number of the legal person, that establishes business relationship or executes transaction, or legal person for whom is established business relationship or executed transaction.
2. name, address of permanent residence or temporary residence, date and place of birth and tax ID number of a representative or an authorized person, that for a legal person or other juristic person conclude the business relationship or execute transaction, number, kind and name of the authority that issued the personal documents.

3. name, address of permanent residence 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, kind and name of the competent body that issued the personal documents;
4. name, address of permanent residence or temporary residence, date and place of birth and tax ID number of natural person or tax ID number of its representative, entrepreneur or natural person carrying out activities, and that establish business relationship or execute the transaction, or natural person, for which is established business relationship or executed transaction, and number, kind and name of the competent body that issued the personal documents;
5. name, address and personal identification number, if it is assigned, of an entrepreneur or natural person carrying out business activities;
6. name, address of permanent residence or temporary residence, date and place of birth of natural person entering the casino or accessing to the safe deposit box;
7. purpose and presumed nature of business relationship, including information on customer's businesses
8. date of establishing business connections or date and time of entering the casino or accessing to safe deposit box;
9. date and time of executing transaction;
10. the amount of transaction and foreign currency of transaction that is executed;
11. the purpose of transaction and name and address of permanent residence or temporary residence, registered office of the company and residence of the person to which transaction is intended;
12. method of executing the transaction;
13. data on assets and income sources, that are or will be the subject of transaction or business relationship;
14. reasons for suspicion of money laundering;
15. name, address of permanent residence or temporary residence, date and place of birth of the beneficiary owner- legal person or in case from the Article 19 paragraph 2 item 2 of this Law, data on the category of the person, on whose behalf is establishing and operating of the legal person or similar foreign legal person and
16. name of other juristic person and personal name, address of permanent residence or temporary residence, date and place of birth and tax ID number.

Contents of lawyer's or notary's records

Article 72

Lawyer or notary shall keep the following:

1. records on customers, business relationships and transactions from Article 9 of this Law, and
2. records on data from Article 43 paragraph 1 of this Law.

Contents of layer's or notary's records

Article 73

In records form Article 73 of this Law shall be kept and processed the following data:

1. name, address of permanent residence, date and place of birth of the entrepreneur and natural person, carrying out the business, or company name and registered office of the company and address and personal identification number of legal person or entrepreneur to whom lawyer or notary provides legal services;
2. name, address of permanent residence, date and place of birth of the agent, that 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 agent, that executes transaction for person from item 1 of this Article,
4. data from Article 72 of this Law in relation to legal person to whom lawyer or notary provides legal services;
5. purpose and presumed nature of business relationship, including information on customer's business
6. date of concluding business relationship
7. date of executing transaction
8. the amount of transaction and foreign currency of transaction that is executed
9. purpose of transaction and personal name and permanent residence or company name and residence of the person, to whom the transaction is intended
10. method of executing the transaction
11. data on assets and income sources, that are the subject of transaction or business relationship.
12. name, address of permanent residence or company name and residence of the person for which exists reasonable suspicion of money laundering and terrorist financing (amount, foreign currency or time period of executing transaction) and
13. data on transaction, for which there is reasonable ground for suspicion of money laundering or terrorist financing (amount, foreign currency or time period of executing transaction)
14. when there are reasonable grounds for suspicion of money laundering or terrorism financing.

Records kept by administrative body competent for custom services

Article 74

Administrative body competent for custom service shall keep the following records:

1. on reported and non reported transport of money, checks, securities, precious metals and precious stones across the state border, in amount and in value of 10.000€ or more, and
2. on transport or attempt of transport of money, checks, securities, precious metals and precious stones across the state border, in amount less than 10.000€, if there are reasons for suspicion of money laundering or terrorism financing.

Contents of the records of the administration body competent for customs services

Article 75

In records from Article 74 of this Law shall be kept and processed the following data:

1. name, address of permanent residence, date and place of birth and the nationality of the natural person, that transports or attempts to transport assets from Article 74 of this Law, across the state border.
2. company, address and the registered office of a legal person or personal name, address of permanent residence, nationality of the natural person, for whom the transport of assets from Article 74 of this Law across the state border 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 to whom cash is provided;
4. the amount, currency and the 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, and
7. reasons for suspicion of money laundering or terrorist financing

Additionally to data from paragraph 1 of this Article in the records from Article 74 item 2 of this Law, the data on whether the cash transfer has been reported to the administrative body competent for customs affairs shall also be kept.

Records kept by the competent administration body

Article 76

The competent administration body shall keep records and statistics on:

1. persons and transactions from Article 33 of this Law;
2. persons and transactions from Article 43 paragraph 1 of this Law;
3. received initiatives from Article 54 of this Law;
4. notifications and information from Articles 55 and 56 of this Law;
5. international requests from Articles 59 and 60 of this Law, and

6. criminal acts and misdemeanors from Article 68 of this Law.

Content of the records kept by the competent administration body

Article 77

In data records on persons and transactions from Article 33 of this Law data from Article 71 of this Law are kept and processed for the reasons of temporary suspension of transaction from Article 51 of this Law.

In data records on persons and transactions from Article 43 paragraph 1 of this Law data from Article 71 of this Law are kept and processed for temporary suspension of transaction.

In data records from Article 76 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

In records from Article 76 item 4 of this Law, 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 person for which the competent administrative body forwarded notification or information.
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. data on previous punishing;
4. data on the authority that received the notification or information.

In records from Article 76 item 5 of this Law, following data are kept and processed:

1. name, date and place of birth, address of permanent residence, or company, address and registered office of the person the request refers to.
2. the name of the state and requested authority, or of the authority that issued the request.

In records from Article 76 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, address and registered office of the person for which data are provided out of the country;
2. the name of the state and name of the authority data are delivered to.

Content of the records on non-residents

Article 78

In data records from the Article 78 of this Law shall not be recorded data on personal identity number, tax ID number, for non residents, unless otherwise provided by this Law

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

Article 79

Reporting entity, lawyer or notary shall keep separate records on access of supervision bodies from Article 86 of this Law, to data, information and documentation from Article 80 of this Law.

In data records from paragraph 1 of this Article the following data are recorded:

1. name of the supervision body;
2. name of the authorized official, that checked data,
3. date and time of checking data

Reporting entity, lawyer or notary shall inform the competent authority, not later than 3 days from completed check, on any accession of supervision bodies, from Article 86 of this Law, to data from paragraph 1 of this Article.

2. Data protection

Prohibition of giving information

Article 80

Reporting entities and reporting entity's employees, members of authorized, supervising or managing bodies, or other persons, to which data from Article 71 of this Law were available, may not reveal to a customer or third person:

1. that data, information or documentation on the customer or the transaction, from Article 33 paragraph 2, 3 and 4, Article 43 paragraph 1, Article 48 paragraph 1, 2 and 3, Article 49 paragraph 1 and 2 of this Law, are forwarded to the competent administration body ;
2. that the competent administration body on the basis of Article 51 of this Law, temporarily suspended transaction or in accordance with that gave instructions to the reporting entity;
3. that the competent administration body on the basis of Article 53 of this Law demanded regular supervision of customer's financial business;
4. that against customer or third party is initiated or should be initiated investigation for the suspicion of money laundering or terrorist financing .

An attempt to retort a client from engaging into illegal activity shall not be deemed as disclosure in the sense of paragraph 1 of this Article.

Information on facts from paragraph 1 of this Article, reports on suspicious transactions, as well as all other data, information and documentation collected by the competent administration body in accordance with this Law shall be designated the appropriate degree of confidentiality and must not be made available to third parties.

The competent administration body is not obliged to confirm or deny the existence of a confidential data.

The decision on lifting the status of confidentiality from paragraph 3 of this Article shall be made by the authorized person from the competent administration body in accordance with the Law on data secrecy.

Prohibition of giving information from paragraph 1 of this Article may not be applied on:

1. data, information and documentation, that are , in accordance with this Law obtained and kept by reporting entity, and necessary for establishing facts in criminal proceedings, and if submitting those data in written form is required or ordered by the Competent court, and
2. data from item 1 of this Article, if it is demanded by supervision body from Article 86 of this Law for the reasons of carrying out the provisions of this Law and regulations passed on the basis of this Law.

Exception to the principle of keeping confidentiality

Article 81

During the process of 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, an organization with public authorization, state bodies, courts, lawyers or notaries and their employees.

Reporting entity, lawyer or notary and their employees shall not be liable for damage caused to their customers or third persons, if they are in accordance to this Law :

1. providing data, information and documentation on their customers, to the competent administration body
2. obtaining and processing data , information and documentation on their customers
3. carrying out the administration's order on temporary suspension of transaction, and
4. carrying out the administration's request on regular monitoring of customer's financial businesses

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 are providing data, information and documentation to the competent administration body, and in accordance to provisions of this Law
2. they are processing data, information and documentation, obtained in accordance to this Law, for the evaluation of customer and transaction, for which there are reasons for suspicion of money laundering and terrorism financing.

Usage of received data

Article 82

The competent administration body, state bodies and barriers of public authorities, reporting entities or notaries and their employees are obliged to use data, information and documentation which they have received; only for the purposes they are provided for.

Keeping records

Article 83

Reporting entity shall keep records provided on the basis of Articles 9,14,15,16,17,18,19,20,21,22,23,26,27 and 30 of this Law and related documentation 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.

Reporting entity shall keep data and supporting documents on authorized person and its deputy, professional trainings of employees and applying measures of internal control from Articles 35, 39 and 40 of this Law, for four years from dismissal of the authorized person and its deputy, or from completing professional training and internal control.

Lawyer or notary shall keep data provided on the basis of Article 42 paragraph 1 of this Law and related documentation ten years after the verification of client identity has been carried out

Lawyer or notary shall keep data and supporting documents on professional training of employees for four years after the training has been carried out.

Record keeping at the competent administration for custom services

Article 84

The competent administration for custom services shall keep data, from records from Article 75 of this Law, for 11 years from date of obtaining data and after the expiration date will be destroyed.

Record keeping in competent administration body

Article 85

The competent administration body shall keep data and information from records, kept in accordance to the provisions of this Law, for 11 years from date of obtaining and after expiration date will be destroyed.

The competent administration body shall not inform a person on information and data that it posses and which refers to that person, before the expiration of 10 years from the date of obtaining data.

The person referred to in paragraph 2 of this Article shall have the right to check its personal data after the expiration of 10 years from the date of obtaining data.

VIII SUPERVISION

Article 86

Supervision of implementation of this Law and regulations passed on the basis of this Law, within established jurisdiction, is carried out by:

1. The Central bank of Montenegro in relation to reporting entities from Article 4 paragraph 1 items 1, 2, 3,10 and 13;
2. The Agency for Telecommunication and Postal Services in relation to reporting entities from Article 4 paragraph 1 item 4;
3. The Securities Commission in relation to reporting entities from Article 4 paragraph 1 items 5,6 and 7;
4. The Insurance Supervision Agency in relation to reporting entities from Article 4 paragraph 1 item 8;
5. The administration body competent for game of chance, through authorized official in accordance with the Law that defines inspection control in relation to reporting entities from Article 4 paragraph 1 item 9;
6. The Tax authority in relation to reporting entities from Article 4 paragraph 1 item 11;
7. The Ministry competent for financial affairs in relation to reporting entities, from Article 4 paragraph 1 item 12;
- 7a) Bar Association of Montenegro in relation to lawyers and law offices;
- 7b) Notary Chamber in relation to notaries;
8. The administration body competent for prevention of money laundering and terrorist financing through authorized official, in accordance with the Law that defines inspection control in relation to reporting entities from Article 4 paragraph 1 items 14 and 15.

The authorities from paragraph 1 items 1-8 of this Article shall, prior to conducting the inspection, inform and consult with the competent administration body on activities of supervision they plan to carry out and, if necessary, to coordinate and harmonize its activities in performing supervision over the implementation of this Law

Article 87

If an authorized official of the competent administration body for prevention of money laundering and terrorist financing, in procedure of inspection control of thereporting entity, discover reasonable grounds for suspicion of committing criminal offence of money laundering or terrorist financing, or another criminal offence from Article 56 of this Law, can take documentation fromreporting entity and deliver it to the competent administration body

Article 88

If the competent administration body for prevention of money laundering and terrorist financing, in the procedure of processing the case, discover reasonable grounds for suspicion of committing criminal offence from Article 56 of this Law, shall provide data, information and other documentation, which implies criminal offence, to other competent bodies.

Article 89

Bodies from Article 86 of this law shall inform the competent administration body on measures taken in process of supervising in accordance with this Law, and within 8 days from the date on which the measures were taken.

The competent administration body keeps records on measures and bodies from paragraph 1 of this Article.

If the supervisory authorities from the Article 86 of this Law, during the inspection, assess that in relation to any transaction or person there is suspicion of money laundering or terrorist financing, or establish facts that can be related to money laundering or terrorist financing, shall immediately and without delay inform the competent administration body.

Article 90

On submitted request on commencing misdemeanor's procedure for the reasons of acting contrary to the propositions of this Law, the competent administrative body shall inform competent supervising body or The Bar Association in case when the request has been submitted against the lawyer.

IX MISDEMEANOR PROCEDURE

Article 91

This Article is deleted . (Official Gazette of Montenegro , No.14/12)

X PENALTY PROVISIONS

Article 92

A legal person shall be fined for misdemeanor in an amount from €2,500 to €20,000 in the following cases:

1. when it does not draft risk analysis or does not determine risk evaluation of certain groups or types of clients, business relationships, transactions or products (Article 8);
2. it does not conduct the appropriate measures from Article 10 of this Law when establishing a business relationship with a client (Article 9 paragraph 1 item 1);
3. it does not conduct the appropriate measures from Article 10 of this Law when executing one or several 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 10 of this Law when the accuracy and authenticity of the obtained client identification data are doubtful (Article 9 paragraph 1 item 3);
5. it does not conduct the appropriate measures from Article 10 of this Law when there is suspicion of money laundering or terrorist financing related to a transaction or a client(Article 9 paragraph 1 item 4);
6. when it establishes a business relationship with a client without previously undertaking the prescribed measures from Article 10 paragraph 1 items 1 and 2 of this Law (Article 11 paragraph 1);
7. when it carries out the transaction without previously undertaking the prescribed measures (Article 12);
8. it does not establish and verify the identity of a natural person or their legal representative, entrepreneur or natural person that is carrying out business activities, legal person, agent of legal person, authorized person and beneficiary owner of the legal person or other foreign legal person, or does not obtain prescribed data or does not obtain them in the prescribed manner or does not provide it as it is prescribed or does not obtain a verified written copy of approval for representing (Articles 14,15,16,17 and 20);

9. it establishes and verifies client's identity by using the qualified certificate in improper way (Article 14 paragraph 5);

10. it does not establish and verify client's identity during their entrance in premises for special games of chance or during each client's approach to the safe deposit box or does not provide prescribed data or does not obtain them in the prescribed manner (Article 18);

11. does not act accordingly to the provisions of Article 21;

12. does not act accordingly to the provisions of Article 26;

13. it does not obtain data on funds and property sources, that are the subject of the business relationship or transaction, from the identification or other documents submitted by a client, and if the required data cannot be obtained from the submitted documents, the data shall be obtained directly from the written statement of the client (Article 27 paragraph 4 item 1);

14. it does not obtain a written consent of the responsible person before establishing a business relationship with a client (Article 27 paragraph 4 item 2);

15. after establishing a business relationship it does not monitor carefully the transactions and other business activities carried out at the institution by a politically exposed person (Article 27 paragraph 4 item 3);

16. it does not apply one or more additional measures from Article 28 of this Law within enhanced customer due diligence process;

17. it conducts simplified customer due diligence contrary to Article 29 of this Law;

18. within simplified customer due diligence it does not obtain the prescribed data on a client in the prescribed manner (Article 30);

19. it opens, issues or keeps anonymous accounts, coded passbooks or passbooks on bearer for its client, or carries out other services (banking products) that directly or indirectly enable hiding client identity (Article 31);

20. 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 similar credit institution that is known for allowing shell banks to use its accounts (Article 32);

21. it does not provide the prescribed data to the competent administration body, within the deadline defined by the Law, when there is suspicion of money laundering or terrorist financing in relation to a transaction or announced transaction or a client (Article 33);

22. it does not provide, within the prescribed deadline and in the prescribed manner, to the competent state body the required data, information and documentation, when there is suspicion of money laundering or terrorist financing in relation to a transaction or a person (Article 48);

23. it does not act accordingly to the provisions of Article 51 and Article 62 paragraph 1 of this Law;

24. it does not act upon a request of the competent administration body on current monitoring of financial business activities of a certain client (Article 53 paragraphs 1, 2 and 3).

The responsible person in a legal entity and natural person shall be fined in an amount from €300 to €2,000 for the misdemeanor from paragraph 1 of this Article.

An entrepreneur shall be fined in an amount from €500 to €6,000 for the misdemeanor from paragraph 1 of this Article.

Article 93

A legal person shall be fined in the amount from €2,500 to €15,000 for misdemeanor when it:

1. does not carry out client identification (Article 10);
2. does not define, in its internal acts, the procedures of undertaking the prescribed measures (Article 10) of this Law;
3. does not obtain accurate and complete information on the originator of wire transfers and does not enter them into the form or message related to wire transfers of funds sent or received in any currency that is the subject of the wire transfer (Article 12a paragraph 1 item);
4. does not refuse to transfer the funds if the originator's data are not complete or does not require the data to be supplemented within the shortest time possible. (Article 12a paragraph 3 item).
5. does not monitor client's business activities (Article 22 paragraph 1);
6. does not carry out repeated annual control of the foreign legal person or does not obtain the prescribed data or does not obtain required data in the prescribed manner (Article 23);
7. does not define politically exposed persons identification procedures in its internal acts (Article 27 paragraph 5);
8. does not undertake measures and actions to eliminate money laundering risks that may arise from new developing technologies (Article 28a paragraph 1);

9. does not adopt internal procedures for prevention of the new technologies usage for the purpose of money laundering and terrorist financing (Article 28a paragraph 2);

10. does not provide the competent administration body, within the prescribed deadline, with the prescribed data on a transaction executed in cash and in the amount of at least €15.000 in cash (Article 33 paragraph 1);

11. does not ensure undertaking measures of detection and prevention of money laundering and terrorist financing, defined by this Law, in its business units or majority holding company, that have residence in a foreign country (Article 34 paragraph 1);

12. does not determine a compliance officer and his/her deputy for carrying out business and tasks of detecting and preventing money laundering and terrorist financing (Article 35 paragraphs 3 and 4);

13. does not provide the compliance officer with appropriate conditions from Article 38 of this Law;

14. does not keep records and documentation in accordance with Article 83 of this Law;

The responsible person in a legal entity and a natural person shall be fined in an amount from €300 to €1,000 for the misdemeanor from paragraph 1 of this Article.

An entrepreneur shall be fined in the amount from €500 to €6,000 for the misdemeanor from paragraph 1 of this Article.

Article 94

A legal person shall be fined in the amount from €1,000 to €6,000 for misdemeanor if:

1. it does not monitor client's business activities in accordance with Article 22 paragraph 2 of this Law;

2. it does not analyze all unusually large transactions that have no apparent economic or legal purpose and it does not record the results of the analysis in written form (Article 33a paragraphs 1 and 2);

3. it does not develop its internal list of criteria for recognizing unusual transactions (Article 33a paragraph 3);

4. it does not inform the competent administration body and does not undertake appropriate measures for eliminating risks of money laundering or terrorist financing (Article 34 item 2);

5. it does not ensure that the activities of a compliance officer are carried out by a person that meets the prescribed requirements (Article 36);
6. it does not deliver to the competent administration body, within the prescribed deadline, data on personal name and working position of the compliance officer and his/her deputy and information on any change of those data (Article 38 paragraph 3);
7. it does not ensure regular professional training and advanced training for employees that carry out the activities of detecting and preventing money laundering and terrorist financing pursuant to this Law (Article 39 paragraph 1);
8. it does not prepare the program for regular professional training and advanced training for detecting and preventing money laundering and terrorist financing within the prescribed deadline (Article 39 paragraph 2);
9. it does not ensure regular internal control of carrying out activities for detecting and preventing money laundering and terrorist financing pursuant to this Law (Article 40);
10. it does not use the indicator list from Article 45 paragraph 1 of this Law, when establishing suspicion of money laundering and terrorist financing and other related circumstances;
11. it does not keep records and documentation on compliance officer and his/her deputy, advanced training of employees and undertaking measures of internal control from Articles 35, 39 and 40 of this Law, four years from discharging compliance officer and his/her deputy, completed advanced training and internal control (Article 83 paragraph 2).

The responsible person in a legal entity and a natural person shall be fined in the amount from €200 to €1,000 for misdemeanor from paragraph 1 of this Article.

An entrepreneur shall be fined in the amount from €500 to €3000 for misdemeanor from paragraph 1 of this Article.

Article 95

The person registered for qualified electronic certificate shall be fined in the amount from €3,000 to €20,000 for misdemeanor if it does not provide a copy of personal documents and other documentation that it used for identifying and verifying client's identity upon a reporting entity's request (Article 14 paragraph 4).

The responsible person in a legal entity registered for the qualified electronic certificate shall be fined in the amount from €300 to €3,000 for the misdemeanor from paragraph 1 of this Article.

Article 96

A lawyer or notary shall be fined in the amount from €3,000 to €20,000 for misdemeanor in the following cases:

1. he/she does not act accordingly to the provisions of Article 21,
2. within client verification, he/she does not obtain all prescribed data pursuant to this Law (Article 42 paragraphs 1, 2 and 3);
3. he/she does not identify and verify client or his/her representative or authorized person or if he/she does not obtain required data in the prescribed manner (Article 42 paragraph 4, 6 and 7);
4. he/she does not inform the competent administration body, within the prescribed deadline and in the prescribed manner, that there is suspicion of money laundering and terrorist financing related to a transaction or intended transaction or certain person (Article 43 paragraph 1, 2 and 3);
5. he/she does not inform the competent administration body that a client asked for advice in relation to money laundering and terrorist financing (Article 43 paragraph 4);
6. he/she does not provide the competent administration body with certified copies of the sale contracts related to real estate trade in the amount exceeding €15 000 (Article 43 paragraph 5);
7. he/she does not inform the competent administration body on cash transactions from Article 33 paragraph 1 of this Law, when there is suspicion of money laundering or terrorist financing related to the transaction or client (Article 44 paragraph 3);
8. he/she does not appoint a compliance officer or his/her deputy for performing certain tasks of detecting and preventing money laundering or terrorist financing defined by this Law and regulations passed on the basis of this Law (Article 35 paragraphs 3 and 4 in relation to Article 41 paragraph 1);
9. he/she does not provide a compliance officer with appropriate powers, conditions and assistance for carrying out their activities and tasks (Article 38 paragraph 1 and 2 in relation to Article 41 paragraph 1);
10. he/she does not identify a beneficiary owner of a client 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 42 paragraphs 5 and 7);

11.he/she does not provide the competent administration body, within the prescribed deadline and manner, with data, information and documentation from Article 49 paragraph 4 of this Law;

12.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 36 in relation to Article 41 paragraph 1);

13.he/she does not provide the competent administration body, 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 38 paragraph 3 in relation to Article 41 paragraph 1);

14.he/she does not carry out regular professional training and advanced training for employees engaged in the activities of detecting and preventing money laundering and terrorist financing pursuant to this Law (Article 39 paragraph 1 in relation to Article 41 paragraph 1);

15.he/she does not prepare program for professional training and advanced training for detecting and preventing money laundering and terrorist financing within the prescribed deadline (Article 39 paragraph 2 in relation to Article 41 paragraph 1);

16.he/she does not ensure regular internal control of the activities of detecting and preventing money laundering and terrorist financing pursuant to this Law (Article 40 in relation to Article 41 paragraph 1);

17.he/she does not provide the competent administration body with reasons for not acting in accordance with its request or does not provide them within the prescribed deadline (Article 44 paragraph 2);

18.he/she does not use the indicator list, from Article 45 paragraph 1, when establishing suspicion of money laundering and terrorist financing and other related circumstances;

19.he/she does not keep the data obtained on the basis of Article 42 paragraph 1 of this Law and related documentation for 10 years after identifying and verifying client's identity (Article 83 paragraph 3);

20. he/she does not keep data and documents on employees' advanced training for 4 years after completing the training (Article 83 paragraph 4).

Article 96a

In case of particularly serious violation or repeated violations from the Articles 92 - 96 of this Law a prohibition on performing business activities may be imposed to

the legal person up to two years and a prohibition on performing business activities may be imposed to the responsible person and natural person up to two years.

XI. TRANSITIONAL AND FINAL PROVISIONS

Article 97

The regulations for implementation of this Law shall be passed within six months as of the affective date of this Law.

Until enacting regulations from paragraph 1 of this Article shall be implemented regulations enacted on the basis of the Law on the Prevention of Money Laundering (“Official Gazette of the Republic of Montenegro”, No. 55/03, 58/03 and 17/05) if it is not in defiance of this Law.

Article 97a

Regulations for implementation of this Law shall be passed in the period of six months from the date of entry into force of this Law.

Article 97b

Reporting entities shall harmonize its business activities with the provisions of Articles 12a, 28a and 33a of this Law in the period of twelve months from the date of entry into force of this Law “.

Article 98

Obligors shall harmonize its business activities with the provisions of this Law within six months as of the effective date of the regulations from Article 97 of this Law.

Article 99

Procedures started in accordance with the Law on the Prevention of Money Laundering (“Official Gazette of the Republic of Montenegro”, No. 55/03, 58/03 and 17/05) shall be continued in accordance with the provisions of this Law , if it is more favorable for party in misdemeanor procedure.

Article 100

On the effective date of this Law shall cease to exist the Law on the Prevention of Money Laundering and Terrorist Financing (“Official Gazette of the Republic of Montenegro”, No. 55/03, 58/03 and 17/05).

Article 101

This Law shall come into effect eight days upon publishing in the "Official Gazette of Montenegro.

SU- SK No. 01-518/10
Podgorica, 29th November 2007
Parliament of Montenegro,
Chairman,
Ranko Krivokapić, m.p.