

Expansion of the list of reporting entities before the Financial Analysis Unit

On May 9, 2023, a new law was enacted, which aims to improve the prosecution of drug trafficking and organized crime, regulate the destination of assets seized in such offenses and strengthen rehabilitation and social reintegration institutions (the "New Law").

Among the main changes introduced by the New Law regarding the prosecution of drug trafficking are: (i) the increase of penalties for the offenses established in Law No. 20,000, which penalizes drug and psychotropic trafficking; (ii) the confiscation of assets that were used for the commission of such offenses (either in kind or by equivalence); and (iii) the allocation of resources to strengthen the institutions dedicated to combating drug trafficking and organized crime.

Regarding the prevention and fight against money laundering and terrorism financing, the New Law amends Law No. 19,913, which created the Financial Analysis Unit ("UAF") and modifies several provisions on money laundering ("AML Act").

Thus, the New Law expands the list of reporting entities established in Article 3 of the AML Act, placing under the supervision of the UAF: (i) automotive companies and dealers of new or used vehicles; (ii) car rental or vehicle leasing companies; (iii) individuals engaged in the manufacture or sale of weapons; (iv) shooting, hunting and fishing clubs; (v) individuals or legal entities engaged in the purchase and sale of purebred equines; (vi) dealers of precious metals; and (vi) traders of jewelry and precious stones.

The New Law will enter into force upon its publication in the Official Gazette, and therefore, the new reporting entities -which are added to the economic activities that already report to the UAF- must, as soon as possible, register in the Reporting Entities Portal of the UAF, and appoint a compliance officer, who will be in charge, among other duties, of reporting suspicious activities that are detected in the course of the supervised activity, as well as ensuring that the reporting entity complies with the regulations issued by the UAF on the prevention of money laundering and the fight against terrorism financing.

Finally, the New Law will mainly impact both the administrative regulation that the UAF will have to issue for these economic activities and the supervision and financial intelligence tasks that it will have to develop, as well as the challenges of implementing controls of the new reporting entities included in Article 3 of the AML Act.

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