

UAF Issues New Regulatory Framework for the Prevention of Money Laundering and Terrorist Financing

On March 19, the Financial Analysis Unit (“UAF”) issued **Circular No. 62, which compiles and updates the instructions issued on the prevention of money laundering, financing of terrorism and proliferation of weapons of mass destruction.**

The purpose of this circular is **to establish an updated regulatory framework through which regulated entities can incorporate a risk-based approach in their policies and procedures, in accordance with international recommendations on the subject.**

Some of the most important aspects of the circular are the following:

- 1 Information update:** Any update made by a reporting entity with respect to the information submitted at the time of registration in the UAF Registry must be reported within the following ten working days.
- 2 Validity of obligations:** As long as the reporting entity has not processed its termination and has not notified the UAF of such termination, it must continue to comply with the legal obligations established in Law No. 19,913 and in the UAF circulars.
- 3 Designation of a Compliance Officer:** The reporting parties must appoint a Compliance Officer, who must hold a position of high responsibility within the organization and have access to all operations and transactions carried out by the reporting entity.
- 4 Suspicious transaction reporting:** The reporting entities must perform an analysis of potential suspicious transactions, documenting the stages of analysis, steps taken and sources of information consulted.
- 5 Review of international lists:** The reporting entities must periodically and systematically review all their clients, or potential clients, in the Lists of Resolutions of the United Nations Security Council on money laundering and terrorist financing, and must keep backup of such searches or reviews for a minimum period of three years.
- 6 Cash transactions reporting:** The reporting entities must report to the UAF on a monthly, quarterly or semiannual basis cash transactions exceeding USD 10,000, being the duty of the reporting entity to verify that the report is correctly received by the UAF.
- 7 Record of transactions:** The reporting entities must keep permanent records for at least five years of cash transactions, suspicious transactions, due diligence and knowledge of the client, transactions carried out by politically exposed persons and electronic transfers of funds and assets.
- 8 Due diligence and knowledge of the client:** The reporting entities must carry out a process of identification of their clients, recording information on the identity of the final beneficiaries and the purpose of the commercial or contractual relationship, among other antecedents.
- 9 Politically exposed individuals:** The reporting entities must implement measures to determine whether a customer or beneficial owner is a politically exposed person.

This news alert is provided by Carey y Cía. Ltda. for educational and informational purposes only and is not intended and should not be construed as legal advice.

Carey y Cía. Ltda.
Isidora Goyenechea 2800, 43rd
Floor
Las Condes, Santiago, Chile.
www.carey.cl

10 Regular training: The reporting entities must train all their employees on how to prevent and detect money laundering, financing of terrorism and proliferation of weapons of mass destruction once a year.

According to this new circular, **regulated entities must have a Money Laundering, Terrorist Financing and Proliferation Financing Prevention and Detection Manual**, which must be updated every two years and given to all their employees.

In this way, **the UAF reaffirms the obligation to have adequate prevention measures, establishing that non-compliance may be sanctioned in accordance with the provisions of Law No. 19,913.**

It should be noted that this Circular expressly repeals Circulars N° 6, 7, 11, 12, 12, 16, 17, 17, 18, 19, 19, 34, 35, 35, 40, 40, 42, 46, 47, 49, 52, 53, 54, 55, 56, 57, 58, 59 and 60.

UAF Circular No. 62 will enter into force on June 1, 2025, except for the provisions related to the travel rule, which will come into effect on July 1.

AUTHORS: *Guillermo Acuña, Matías Gatica, Gustavo Herrera.*