/Carey

August 2019

NEW PROVISIONS REGARDING PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM: GENERAL INSTRUCTION NO. 59/2019 OF THE UAF AND LAW NO. 21,163

On May 24, 2019, the Financial Analysis Unit ("UAF") issued General Instruction No. 59/2019 that amends General Instruction No. 49/2012 with reference to customer due diligence ("CDD"), electronic transfers of funds, and countries / high-risk jurisdictions (the "New General Instruction"). Below you will find a brief summary:

• CDD: The New General Instruction provides (i) the time when the CDD obligations begin for the reporting entities (e.g. banks, real estate management companies, insurance companies, among others); and (ii) the information and documentation that reporting entities must request from their clients (before or in the course of the establishment of a legal or contractual relationship) on the instance of an occasional transaction (for an amount equal to or greater than USD 1,000), or if there are suspicions of money laundering or financing of terrorism in a specific transaction ("LA/FT").

The CDD process must be permanent over time. Additionally, reporting entities must implement enhanced or simplified CDD depending if the associated LA/FT risks are low or high in relation with customers, products, services or others.

• Electronic Transfers of Funds: The New General Instruction provides that reporting entities that make electronic transfers of funds (cross-border or national) must incorporate accurate and relevant information about the payer and the beneficiary (regarding the transfers of funds of USD 1,000 or more) including the related messages sent by the involved parties, verifying its accuracy and keeping this information for a minimum period of 5 years in the respective register.
• Countries and High-Risk Jurisdictions: The New General Instruction provides that reporting entities must (i) perform enhanced CDD

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

measures to transactions with countries / jurisdictions that are being analyzed by the Financial Action Task Force ("FATF"), due to strategic deficiencies in their anti-money laundering systems; (ii) apply countermeasures to transactions that will eventually take place with high-risk countries / jurisdictions, if the FATF indicates so; and (iii) keep special observance in their daily work on transactions that will eventually take place with countries / jurisdictions that are on the list issued by the Chilean tax authority (Servicio de Impuestos Internos) regarding countries and jurisdictions that are considered to have a preferential tax regime.

In order to comply with international standards regarding terrorism financing matters, on July 13, 2019, Law No. 21,163 that incorporates the Resolutions of the United Nations Security Council (UNSC) on financing of terrorism and proliferation of mass destruction weapons in article 38 of the Chilean Anti-Money Laundering Act ("AML Law") was published in the Official Gazette.

AML Law provides that reporting entities must report to the UAF all acts, transactions or operations carried out (or that they will try to perform) by any of the individuals or legal entities indicated in the lists incorporated in article 38 of the AML Law. In this regard, Law No. 21,163 adapts national regulations to international standards on the matter, specifically including new lists to be reviewed by the reporting entities in day-to-day operations.

Download General Instruction No. 59/2019 here .

Law No. 21,163 is available here .

Authors: Ricardo Reveco; Guillermo Acuña