



BANCO CENTRAL DEL URUGUAY

EXECUTIVE SUMMARY

This document contains the main activities developed by the Unit of Financial Information and Analysis (UIAF in Spanish) for 2018, and the main goals of improvement planned for 2019. Also, and to allow a better understanding of its roles as a financial intelligence unit and current operating conditions, Annex 1 is presented with the basic functions to be fulfilled by this type of unit, according to international recommendations. Following are the tasks assigned to the Uruguayan UIAF under current regulations, and a brief description of the Unit's current organizational structure. Annex 2 presents a brief overview of suspicious transaction reports, including the conceptual, legal and documentary framework of reference.

The approval of the Comprehensive Law on Prevention of Money Laundering (Law No. 19,574) that came into force in December 2017 proposes a new scenario for 2018, introducing significant improvements to the national prevention system, with the inclusion of new regulated and reporting parties, the definition of new predicate offenses of money laundering, and a number of actions aimed at improving investigation, coordination, and information exchange capacities of the participating agents. The new law requires an adequate regulation to achieve an effective implementation of this mandate. This law reflects significant progress in compliance with the International Recommendations issued by the FATF.

Activities carried out in 2018

Following are some of the most significant activities:

i) Reports on suspicious transactions: the number of Suspicious Transaction Reports (STRs) received by the UIAF in 2018 continued to rise and amounted to 782, representing an increase of 42% from the previous year.

Likewise, 8 ex officio investigations were initiated. The UIAF reported 9 cases to the competent criminal justice in order to continue the investigations in this area. These cases contained the information provided in 36 suspicious transaction reports presented by the regulated and reporting parties and one ex officio investigation. In 2018, and under the provisions of Article 24 of Law N ° 19,574 as currently drafted, the UIAF adopted 4 resolutions to prevent for 72 hours any suspicious transactions involving funds that could stem from money laundering crimes, and access to safe deposit boxes, on a total amount expressed in dollars of USD 426.456 and putting a freeze on 2 safe deposit boxes. There has been a significant increase in the number of suspicious transactions reports in recent years.

In 2018 the reports presented by the financial sector increased significantly (30%) and even more from the non-financial sector (74%). From the total amount of reports received, the non-financial sector regulated and reporting bodies participation rose from 17% to 33% in the last year.

ii) National cooperation: the cooperation and/or advice provided by the Unit at the request of the Uruguayan judicial authorities is significant, with the UIAF's intervention in 141 cases in 2018, representing a slight decrease over the previous year (146). It has also participated in 10 multidisciplinary working groups to support investigations in the judicial phase in very difficult cases.



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iii) International cooperation: exchange of information with other countries is carried out mainly with financial intelligence units that make up the Egmont Group, an international organization that brings together units from 155 countries and jurisdictions. In 2018, 84 requests for information were received from financial intelligence units from abroad, a slight increase with regards to the previous year (79). Likewise, the UIAF made 10 requests for information from its counterparts abroad.

iv) Financial system supervision: During this period the Superintendency of Financial Services has developed a diversified inspection plan, including visits to different categories of financial institutions, and applying different penalties where there were violations of ML/FT prevention regulations. Also, when deemed appropriate, specific recommendations were conveyed for improving the prevention systems implemented by the entities. In 2018, a total of 40 supervisions were conducted in the financial system, and sanctions were applied in 8 cases.

v) Strategic analysis: In 2018, the methodology for evaluating the quality of suspicious transaction reports presented by regulated and reporting bodies continued to be strengthened and feedback instances were carried out to highlight the positive aspects and the opportunities for improvement regarding the content of the reports delivered to the UIAF. Likewise, a database of financial products and clients was designed and will be operational in 2019, which will be an important tool for the development of UIAF activities.

vi) Commitment to quality processes: in line with the Superintendency of Financial Services (SSF in Spanish) commitment to management quality, the certification of the management system of the SSF is maintained in accordance with ISO-UNIT 9001: 2015, recognized as an international standard. The SSF holds this certification since 2015 and the annual audits (LSQA) have confirmed the certification this year. In the specific case of the UIAF, the processes included in the certification are Financial Intelligence (Reception and Analysis of Suspicious Transaction Reports, answers to requests for judicial information and from financial intelligence units abroad) and Supervision on prevention of ML/ FT.

vii) Coordinating Committee against Money Laundering and Terrorist Financing: During 2018, the UIAF has participated in the Coordinating Committee, in particular in the process of preparing for the mutual evaluation to which the country will be submitted during 2019.

viii) Register of Equity Holders of Bearer Shares and Final Beneficiary: This Register, managed by the UIAF, and having already completed the registration process by the regulated and reporting bodies, as of December 31, 2018 holds information on Equity Holders of Bearer Shares and Final Beneficiaries from 54.955 active reporting entities.



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Activities planned for 2019

The activities for 2019 are planned based on two main axes: first, carrying out the regular activities established by the legal mandate, and second, the evaluation to which the national prevention system will be submitted by the Financial Action Task Force of Latin America (*GAFILAT*), a process that began in the last quarter of 2018 and will finish in late 2019.

Following are the UIAF's main activities planned for 2019:

- i) Participation in the Coordinating Committee against Money Laundering and Terrorist Financing: With the approval of the Comprehensive Law on Money Laundering and Terrorism (and the approval of a draft bill on terrorism), the Operating Committee appointed by the Coordinating Committee (and coordinated by SENACLAFT) must meet again in order to prepare a proposal for the regulation of these laws.
- ii) Regulation and Supervision: In 2019 the supervisory function will be aimed at assessing compliance with the recently issued regulations that update the corresponding regulatory framework. It will also review the regulatory framework for Administration, Accounting and Data Processing service providers.
- iii) Strategic Analysis Development: Following the program to improve the quality of the databases available for investigations, we will be working on the design and implementation of a "client list" of the entities that make up the financial system. On the other hand, information analysis procedures will be developed to allow a more efficient use of the available databases. Finally and worth highlighting is the strengthening of feedback mechanisms with the industry in relation to the quality of the STRs submitted to the UIAF and other aspects related to financial intelligence.
- iv) Dissemination and training: in accordance with previous years' plans, the Unit intends to continue organizing and/or participating actively in events, or outreach and training activities on the prevention and control of money laundering and financing of terrorism, aimed at individuals or entities related to the prevention system. With the approval of the update of the regulatory framework, contacts will be made with the regulated and reporting bodies to analyze its impacts and implementation.