GREENHAUSDR

Financial Analysis Unit | UAF

INSTITUTIONAL REPORT AND PROFESSIONAL REFERENCE GUIDE

LAW NO. 155-17

LAW AGAINST MONEY LAUNDERING AND THE FINANCING OF TERRORISM

Prepared by GREENHAUSDR as an institutional and professional reference guide for investors, legal advisors, financial entities, real estate professionals, compliance officers, developers and market participants operating within the Dominican Republic.

The following document substantially reproduces the legislative text in Spanish relating to Law No. 155-17 against Money Laundering and the Financing of Terrorism.

The Financial Analysis Unit (UAF) is an autonomous entity of the Dominican State, currently regulated by Law No. 155-17 against Money Laundering and the Financing of Terrorism. Attached to the Ministry of Finance and Economy, the UAF has functional autonomy and legal personality under public law to conduct financial analyses and collaborate with the Public Prosecutor's Office in the prevention, detection, and investigation of money laundering and the financing of terrorism.

Official Source: Superintendency of Banks & Financial Analysis Unit | UAF

This document is intended exclusively for informational, educational, institutional and professional reference purposes.

THE NATIONAL CONGRESS # IN THE NAME OF THE REPUBLIC # Law No. 155-17

WHEREAS CLAUSES

Whereas First: The Dominican Republic is a signatory to international conventions promoted to harmonize legal instruments for the prevention, detection and punishment of transnational criminal phenomena, including the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, the 1999 United Nations Convention against Terrorism, the 2000 United Nations Convention against Transnational Organized Crime, and the 2003 United Nations Convention against Corruption.

Whereas Second: At the core of global policy against transnational crimes lies the strengthening of legal mechanisms that make it possible to define, as autonomous offenses, conduct intended to legitimize resources derived from criminal activity, and to establish an effective system of international judicial cooperation and assistance capable of dismantling transnational criminal organizations through the forfeiture of illicit assets generated by their illegal activity.

Whereas Third: Terrorism has been one of the principal problems and challenges since the beginning of this century, which has led States to focus significant efforts on detecting and forfeiting resources intended to finance such reprehensible activity.

Whereas Fourth: Article 260 of the Constitution of the Republic provides that, in matters of security and defense, the fight against transnational criminal activities that endanger the interests of the Republic and its inhabitants is of high national priority.

Whereas Fifth: On June 7, 2002, the Dominican Republic enacted Law No. 72-02, which, among other matters, typified conduct related to money laundering derived from serious offenses and established a system for the prevention and detection of money-laundering transactions, an administrative-sanctions regime for non-compliance with preventive obligations, and rules on forfeiture and international judicial cooperation.

Whereas Sixth: Within the framework of the international conventions cited above, international working groups have continuously monitored the conduct and criminal patterns of organized crime, particularly with respect to money laundering and the financing of terrorism, in order to study and respond to complex transnational criminal activity.

Whereas Seventh: After the entry into force of Law No. 72-02, the Financial Action Task Force (FATF/GAFI), taking into account universal monitoring of the ways through which transnational organized crime seeks to evade regulations issued for the prevention and detection of money laundering, introduced significant changes to its recommendations on money laundering and terrorist financing.

Whereas Eighth: The FATF Recommendations constitute the principal reference for the harmonization of money-laundering and terrorist-financing legislation.

Whereas Ninth: Because of the importance of those changes, it is necessary to enact a new law that effectively regulates money laundering and the financing of terrorism in accordance with the latest international standards, in order to protect democratic institutions, the economy, the balance of payments, price stability, and legitimate commercial and productive activities from unfair competition.

Whereas Tenth: In 2013 the Dominican Republic joined the Global Forum on Transparency and Exchange of Information for Tax Purposes, through which it undertook to comply with standards that ensure the availability of information on economic agents, their activities, and their beneficial owners.

Whereas Eleventh: As a result of the implementation of the General Law on Commercial Companies and Individual Limited Liability Enterprises, No. 479-08, as amended, a significant number of economic agents have not updated their information and, in many cases, remain in the National Taxpayer Registry (RNC) without having carried out activities for a long period, making it difficult to ensure the availability of information required by the Global Forum transparency standard.

Whereas Twelfth: It is necessary to establish an expedited mechanism for the liquidation of such companies that allows the Mercantile Registry and the National Taxpayer Registry to be sanitized, in order to exercise better control and supervision over persons carrying out commercial activities.

Whereas Thirteenth: Failure to comply with those standards would place the Dominican Republic on a list of non-cooperative countries, with consequences for reputation, access to credit by the public sector and private economic agents, and assistance from international organizations.

Whereas Fourteenth: Given the importance of the foregoing changes, it is necessary to enact a new law that effectively regulates money laundering and terrorist financing and incorporates tax-transparency elements that enable the administration to maintain updated information on the identity of all companies and entities without legal personality operating in the country, in accordance with the latest international standards.

HAVING SEEN

Having seen the Constitution of the Republic;

Having seen Law No. 72-02 on Money Laundering from Illicit Drug Trafficking, dated June 7, 2002;

Having seen Law No. 11-92, which establishes the Tax Code of the Dominican Republic, dated May 16, 1992;

Having seen Law No. 03-02 on the Mercantile Registry, dated January 18, 2002;

Having seen Law No. 76-02 containing the Criminal Procedure Code, dated July 19, 2002, as amended;

Having seen Law No. 479-08 on Commercial Companies and Individual Limited Liability Enterprises, dated December 11, 2008;

Having seen Law No. 107-13 on the rights of persons in their relations with the Administration and on Administrative Procedure, dated August 6, 2013;

Having seen Law No. 141-15 on Restructuring and Liquidation of Companies and Individual Merchants, dated August 7, 2015;

Having seen the United Nations Security Council resolutions on terrorism and financing of terrorism, especially UNSCR 1267 and 1373 and successor resolutions;

Having seen the 40 FATF Recommendations of February 2012, intended to devise and promote strategies to combat money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction;

Having seen the Global Forum Standard for Transparency and Exchange of Information for Tax Purposes of the Organisation for Economic Co-operation and Development (OECD);

HAS GIVEN THE FOLLOWING LAW

CHAPTER I - PURPOSE OF THE LAW

Article 1. Purpose

This law establishes:

(a) The acts that constitute money laundering, precedent or predicate offenses, and the financing of terrorism, together with the criminal penalties applicable thereto;

(b) Special investigative techniques, mechanisms of international judicial cooperation and assistance, and precautionary measures applicable to money laundering and the financing of terrorism;

(c) The regime for the prevention and detection of money-laundering transactions, terrorist financing and financing for the proliferation of weapons of mass destruction, identifying obligated subjects, their obligations and prohibitions, and the administrative sanctions arising from non-compliance; and

(d) The institutional organization intended to prevent the use of the national economic system for money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction.

CHAPTER II - DEFINITIONS

Article 2. Definitions

Unless expressly indicated otherwise, the following definitions apply exclusively to this law:

1. **Asset or property:** Money, securities, instruments, notes or property of any kind, including movable and immovable, tangible or intangible property, natural resources, however acquired, and legal documents or instruments in any form, including electronic or digital form, evidencing title to or an interest in such funds or other property.

2. **Competent authorities:** Authorities empowered by law to guarantee the prevention, prosecution and punishment of money laundering, financing of terrorism and proliferation of weapons of mass destruction. These include, without limitation, the Public Prosecutor's Office, the Financial Analysis Unit (UAF), the National Drug Control Directorate, the Superintendency of Banks, the Monetary Board, the Superintendency of Insurance, the Superintendency of Securities, the Superintendency of Pensions, the Superintendency of Private Security, the General Directorate of Internal Taxes, the General Directorate of Customs, the Directorate of Casinos and Games of Chance, the Cooperative Development and Credit Institute, and any authority granted regulatory or supervisory power over a sector subject to this law.

3. **Shell bank:** Any financial institution that lacks significant physical presence in the country in which it was incorporated and licensed to operate and that has not declared to the competent regulator its linkage to a local bank, economic group or financial group subject to supervision.

4. **Correspondent bank:** The provision of banking services by one bank, the correspondent bank, to another bank, the respondent bank, including cash management, international transfers, check clearing, foreign exchange and similar services.

5. **Beneficial owner:** The natural person who exercises ultimate effective control over a legal person or owns at least twenty percent (20%) of the capital of the legal person, including the natural person for whose benefit a transaction is carried out.

6. **Objective circumstances:** The facts, indications and evidence that allow the conclusion that a person intended to engage in conduct typified in this law, or knew that assets, property, resources or instruments derived from predicate offenses. Such circumstances may include the time or manner of acquisition, the personal or economic circumstances of the convicted person, his or her business activity and other relevant factors.

7. **Client:** A natural or legal person with whom a contractual, professional or commercial relationship is established and maintained, habitually or occasionally, for the supply of any product or service.

8. **Due diligence:** Procedures, policies and actions through which obligated subjects obtain adequate knowledge of their current and potential clients and related parties, beneficial owners and the activities they carry out.

9. **Enhanced due diligence:** More demanding policies and procedures designed to deepen the knowledge of a client or beneficial owner in light of risk-assessment, diagnosis and mitigation results.

10. **Simplified due diligence:** Lesser policies and procedures designed to simplify elements of knowledge of a client or beneficial owner in light of risk-assessment, diagnosis and mitigation results.

11. **Precedent or predicate offense:** An offense that generates property or assets susceptible to money laundering. Predicate offenses include illicit trafficking in drugs and controlled substances; offenses related to terrorism and terrorist financing; illicit trafficking of human beings, including illegal immigrants; trafficking in persons, including sexual exploitation of minors; child pornography; pimping; illicit trafficking of human organs; illicit trafficking of arms; kidnapping; extortion, including those related to electronic or film recordings; counterfeiting of money, securities or instruments; fraud against the State; embezzlement, extortion by public officials, bribery, influence peddling, prevarication and offenses committed by public officials in the exercise of their duties; transnational bribery; tax crime; aggravated fraud; smuggling; piracy; product piracy; offenses against intellectual property; environmental offenses; use of nominees or front persons; contract killing; unjustified enrichment; falsification of public documents; falsification and adulteration of medicines, food and beverages; illicit trafficking of merchandise, works of art, jewelry and sculptures; aggravated theft; financial offenses; high-technology crimes and offenses; misuse of confidential or privileged information; and market manipulation. Any serious offense punishable by a penalty of not less than three (3) years is also a predicate offense.

12. **Serious offense:** For purposes of this law, an offense that, because of its significant personal or social harm, is punishable by imprisonment of not less than three (3) years and generates illicit resources susceptible to money laundering.

13. **Seizure or immobilization of assets or property subject to forfeiture or confiscation:** Temporary prohibition on transferring, converting, disposing of or moving property, or temporary custody or control by the Public Prosecutor's Office or by authorization of a competent judge.

14. **Instruments:** Assets or property used or intended to be used to commit a criminal offense, the proceeds of the offense, or the process of attempting to legitimize them.

15. **Money laundering:** The process through which natural or legal persons and criminal organizations seek to give a legitimate appearance to illicit assets derived from the predicate offenses identified in this law.

16. **Suspicious operation:** Transactions, whether completed or attempted, that are complex, unusual, significant, non-habitual or periodic, without evident economic or legal basis, or that generate suspicion of involvement in money laundering, a predicate offense or terrorist financing.

17. **Supervisory bodies or entities of obligated subjects:** Depending on the activity of the obligated subject, supervision corresponds to the Superintendency of Banks, the Superintendency of Securities, the Superintendency of Insurance, IDECOOP, the Directorate of Casinos and Games of Chance of the Ministry of Finance, the General Directorate of Internal Taxes, or another competent authority, as applicable.

18. **Imposable penalty:** The penalty established in the criminal type, independent of the penalty ultimately imposed by the judge after deliberation on guilt.

19. **Politically exposed person or PEP:** Any individual who performs or has performed, during the previous three (3) years, high public functions by election or executive appointment in a foreign country or in national territory, including high officials of international organizations. This includes heads of state or government, high-ranking governmental, judicial or military officials, senior executives of state-owned companies or officials, and other positions determined by the National Anti-Money Laundering Committee after consultation with the Ministry of Public Administration. It also includes persons who perform or have performed equivalent functions for foreign governments.

20. **Proceeds:** Property obtained or derived directly or indirectly from the commission of a serious offense.

21. **Minimum wage:** For purposes of this law, the minimum wage of the public sector.

22. **Money or value transfer services (MVTS):** Financial services involving the acceptance of cash, checks, monetary instruments or other stores of value and the payment of an equivalent amount in cash or other form to a beneficiary through communication, message, transfer or a settlement network to which the service provider belongs.

23. **Without delay:** Immediately, within hours, from the moment the United Nations Security Council or its Sanctions Committees identify persons linked to the matters contained in UNSCR 1267, 1988, 1718 and successor resolutions. For purposes of UNSCR 1373 (2001), the phrase means having reasonable cause or a reasonable basis to suspect or believe that a person or entity is a terrorist, finances terrorism or is a terrorist organization, interpreted in light of the need to prevent the flight or dissipation of funds or other property linked to terrorists, terrorist organizations, terrorist financiers and proliferation financing.

24. **Obligated subject:** A natural or legal person required under this law to comply with obligations to prevent, detect, evaluate and mitigate the risk of money laundering and the financing of terrorism, and other measures to prevent financing of proliferation of weapons of mass destruction.

25. **Risk-based supervision of money laundering and terrorist financing:** A process through which preventive or supervisory measures are adopted according to the nature of money-laundering and terrorist-financing risks, focusing efforts more effectively and requiring greater measures where the risk is higher.

26. **Front person or nominee:** A natural or legal person who makes assets and property of a third party derived from illicit activities appear as his, her or its own, while the true owner does not appear in the documents evidencing title.

CHAPTER III - MONEY-LAUNDERING AND TERRORIST-FINANCING OFFENSES

SECTION I - CRIMINAL OFFENSES

Article 3. Money laundering

A person commits the criminal offense of money laundering and shall be punished as follows:

1. Any person who converts, transfers or transports property, knowing it to be the proceeds of any predicate offense, for the purpose of concealing or disguising the nature, origin, location, disposition, movement or true ownership of property or rights over property, shall be punished by ten (10) to twenty (20) years of major imprisonment, a fine of two hundred (200) to four hundred (400) minimum wages, forfeiture of illicit property, securities, instruments and related rights, and permanent disqualification from holding positions, providing services to, or being hired by financial intermediation entities, securities-market participants and public entities.

2. Any person who conceals or disguises the nature, origin, location, disposition, movement or true ownership of property or rights over property, knowing that such property derives from any predicate offense, shall be punished by ten (10) to twenty (20) years of

major imprisonment, the same fine and forfeiture, and temporary disqualification for ten (10) years from the positions and activities described above.

3. Any person who acquires, possesses, administers or uses property, knowing it to derive from any predicate offense, shall be punished by ten (10) to twenty (20) years of major imprisonment, the same fine and forfeiture, and temporary disqualification for ten (10) years.

4. Any person who assists, advises, helps, facilitates, incites or collaborates with persons involved in money laundering to evade prosecution, submission to justice or criminal conviction shall be punished by four (4) to ten (10) years of major imprisonment, a fine of two hundred (200) to four hundred (400) minimum wages, forfeiture of illicit property, and temporary disqualification for ten (10) years.

5. Participation as an accomplice, association to commit such acts, attempts to perpetrate them, and assistance with an essential contribution to carry them out or facilitate their execution shall be punished by four (4) to ten (10) years of major imprisonment, a fine of one hundred (100) to two hundred (200) minimum wages, forfeiture of the relevant property, securities, instruments and rights, and temporary disqualification for ten (10) years.

Article 4. Criminal offenses associated with money laundering

The following constitute criminal offenses associated with money laundering:

1. The employee, executive, officer, director or authorized representative of an obligated subject who, acting as such, intentionally fails to comply with information or reporting obligations under this law shall be punished by three (3) to five (5) years of major imprisonment, a fine of one hundred (100) to two hundred (200) minimum wages, and permanent disqualification from public entities, financial intermediation entities and securities-market participants.

2. The same persons who falsify, alter, destroy or conceal documents, records or reports established by this law shall be punished by two (2) to five (5) years of major imprisonment, a fine of two hundred (200) to four hundred (400) minimum wages, and permanent disqualification.

3. The same persons who disclose to clients, suppliers, users or unauthorized third parties suspicious-transaction reports or related information delivered to the Financial Analysis Unit shall be punished by two (2) to five (5) years of major imprisonment, a fine of two hundred (200) to four hundred (400) minimum wages, and permanent disqualification.

4. The public servant who, by reason of his or her functions, receives information from obligated subjects or the Financial Analysis Unit and publicly discloses it or discloses it to unauthorized third parties shall be punished by two (2) to three (3) years of major imprisonment, a fine of twenty (20) to forty (40) minimum wages, and temporary disqualification for five (5) years.

5. A public official who heads a competent supervisory authority and, by omission or knowingly, fails to initiate or prevents the initiation of an administrative sanctioning procedure for a serious breach by an obligated subject within the regulatory period shall be punished by two (2) to three (3) years of imprisonment, a fine of forty (40) to sixty (60) minimum wages, and permanent disqualification.

6. A member of the Public Prosecutor's Office or investigative bodies who unlawfully disposes of seized property or funds or retains them for personal or third-party use, unless temporarily assigned in writing for preservation, shall be punished by two (2) to five (5) years of major imprisonment and a fine of two hundred (200) to four hundred (400) minimum wages. The same penalties apply to custodians or administrators of seized property who use it personally, benefit third parties, or allocate it to a purpose other than that established by law.

7. A person who falsely claims a personal, representative or third-party right over property derived from money laundering in order to prevent seizure or forfeiture shall be punished by three (3) to five (5) years of imprisonment, a fine of one hundred (100) to two hundred (200) minimum wages, and forfeiture of the property claimed.

8. A person who simulates another person's identity or uses another person's identity to carry out transactions with assets, property or instruments that are proceeds of a serious offense shall be punished by three (3) to six (6) years of imprisonment, a fine of two hundred (200) to four hundred (400) minimum wages, and forfeiture. If such simulation or misuse is accompanied by manipulation of public or private documents, electronic means or similar devices, or obtains a transfer of assets or property, the penalty shall be five (5) to ten (10) years of imprisonment, a fine of one hundred (100) to two hundred (200) minimum wages and forfeiture.

9. A natural person who lends his or her name to acquire assets or property derived from a serious offense or the offenses typified in this law shall be punished by three (3) to six (6) years of imprisonment, a fine of one hundred (100) to two hundred (200) minimum wages, and forfeiture.

10. A legal person that lends its name to acquire assets or property derived from a serious offense or the offenses typified in this law shall be punished by dissolution, a fine of four hundred (400) to six hundred (600) minimum wages, and forfeiture.

11. Public notaries and public registrars, including mercantile registrars, who participate in, notarize or register cash transactions prohibited by this law without reliable evidence of the means of payment shall be punished by six (6) months to one (1) year of minor imprisonment; in the case of notaries, their investiture as public officers shall be revoked.

12. A person, national or foreign, who enters or leaves national territory by air, sea or land carrying money or bearer negotiable instruments, or sends them by public or private mail, in an amount exceeding ten thousand United States dollars (US$10,000.00) or the equivalent in national or foreign currency, and fails to declare or falsely declares the amount, shall be punished by six (6) months to one (1) year of minor imprisonment, forfeiture of undeclared or falsely declared money or instruments, and a fine of forty (40) to sixty (60) minimum wages.

Article 5. Financing of terrorism

A person commits the criminal offense of financing of terrorism when:

1. In any manner, directly or indirectly, he or she provides, collects, offers, finances, makes available, facilitates, administers, contributes, keeps, safeguards or delivers property or services with the intention, or knowing, that they are or will be used to promote, organize, support, maintain, favor, finance, facilitate, subsidize or sustain an individual or terrorist organization, even without a direct relation to a terrorist act, or to commit terrorist acts. The penalty is twenty (20) to forty (40) years of imprisonment and forfeiture of all property involved and rights thereon.

2. He or she participates as an accomplice, assists, associates, conspires, attempts, helps, facilitates, organizes, directs others to commit, advises or publicly or privately incites the commission of any conduct described above, or helps a person who participated in such offenses evade legal consequences. The penalty is twenty (20) to forty (40) years of imprisonment.

3. He or she travels to a State other than his or her State of residence or nationality to commit, plan or prepare terrorist acts, participate in them, or provide or receive training for terrorist purposes, and receives financing for such travel or related activities. The penalty is twenty (20) to thirty (30) years of imprisonment.

Paragraph: Terrorist-financing offenses constitute criminal offenses even if terrorist acts have not been carried out, assistance to terrorists has not been provided, or the terrorist act was committed or attempted in another territorial jurisdiction.

Article 6. Autonomy

Money-laundering offenses under this law shall be investigated, prosecuted and decided as autonomous acts independent of the underlying offense, even when the predicate offenses were committed in another territorial jurisdiction.

Article 7. Subjective typicity

Knowledge, intent, purpose or finality required as a subjective element of any money-laundering or terrorist-financing offense under this law may be inferred from the objective circumstances of the case. For determining the subjective element, knowledge, intent, the duty to know and willful blindness are equivalent.

Article 8. Liability of legal persons

When a criminal offense under this law is attributable to a legal person, independently of the criminal liability of owners, directors, managers, administrators or employees, the commercial company or individual enterprise may be sanctioned with any or all of the following penalties:

1. A fine of not less than two thousand (2,000) minimum wages or up to the value of the property laundered by the legal person;
2. Permanent closure of premises or establishments;
3. Prohibition on carrying out in the future activities of the class in which the offense was committed, favored or concealed;
4. Cancellation of licenses, rights and other administrative authorizations; and
5. Dissolution of the legal person.

Article 9. Aggravating circumstances in money laundering

The following are aggravating circumstances and shall be punished with the maximum corresponding penalty: participation by organized criminal groups; commission in association with two or more persons; entry into national territory by tricks or deception or without legal authorization; commission by a person holding public office or by a public official or servant; commission by a director, officer or employee of an obligated subject; recidivism; and use of minors or educational institutions to facilitate the offense.

Article 10. Aggravating circumstances in terrorist financing

Aggravating circumstances include offering or paying rewards for terrorist acts intended to cause death or serious bodily injury; compensating third parties for death or injuries of persons who commit or participate in terrorist acts or are imprisoned as a result; commission by public officials or servants; commission by a director, officer or employee of an obligated subject; commission in association with two or more persons; entry into national territory through tricks or without legal authorization; and use of minors or educational institutions to facilitate the offense.

Article 11. Attempt

In all offenses provided for in this law, attempt shall be punished as the offense itself. If the attempted commission of any predicate offense contained in this law, or of offenses punished by special laws with an imposable penalty exceeding two (2) years of imprisonment, generates any property, asset or right for authors and participants, such property shall be deemed susceptible to money laundering.

Article 12. Recidivism

A person who, having been convicted of any offense under this law, again commits any offense under this law shall be considered a repeat offender. Recidivism shall always be punished with the maximum imposable penalty.

CHAPTER IV - PROCEDURAL PROVISIONS

SECTION I - SPECIAL INVESTIGATIVE TECHNIQUES IN MONEY LAUNDERING AND TERRORIST FINANCING

Article 13. Special investigative techniques

Special techniques may be used for the investigation and trial of offenses provided in this law, including money laundering and terrorist financing. In addition to those established in the Criminal Procedure Code, special investigative techniques include informants and controlled delivery.

Article 14. Informant

An informant is a person who voluntarily provides useful information to competent investigative and prosecutorial authorities regarding the performance of illicit activities, the identification and location of persons responsible, the identification and location of property, resources or instruments used in or derived from such activities, and any other useful information for the investigation. The identity of the informant shall be protected, and the competent authorities shall adopt the necessary safeguards.

Article 15. Controlled delivery

Controlled delivery consists of allowing property, drugs, prohibited substances or substitutes, cash, instruments or valuable objects, weapons, ammunition, explosives or similar items involved in an investigation to enter, move through, circulate in or leave the national territory under the control and supervision of competent authorities, for the purpose of identifying persons involved in an offense and gathering evidence. During a controlled delivery, the replacement, total or partial seizure or substitution of such items may be authorized when necessary for the investigation and for the protection of public safety.

Article 16. Authorization of controlled delivery

At the request of the Public Prosecutor's Office, the competent jurisdictional body may, by reasoned resolution and under the strictest confidentiality, authorize the use of controlled delivery. The request shall describe the facts, persons, property or objects involved, the investigative purpose, the manner of execution, duration, control measures and authorities involved. When urgency requires, the Public Prosecutor's Office may adopt necessary measures and shall submit them promptly for judicial control, in accordance with the law.

SECTION II - INTERNATIONAL COOPERATION AND JUDICIAL ASSISTANCE

Article 17. Reciprocity

When there is no bilateral or multilateral treaty ratified by the Dominican Republic, competent authorities may provide the broadest cooperation based on the principle of reciprocity among nations.

Article 18. Measures to identify property

The Public Prosecutor's Office may carry out or respond to appropriate measures, at the request of a competent authority of another State, to identify, locate, detect, seize or immobilize property, products, instruments, funds, assets or resources related to money laundering, predicate offenses or terrorist financing.

Article 19. Scope of international cooperation actions

Competent authorities may provide the widest possible cooperation and judicial assistance in investigations, proceedings and actions related to offenses provided in this law, including the exchange of information, evidence, documents, records, identification of persons, searches, seizures, precautionary measures, forfeiture, notification of procedural acts and any other assistance permitted by Dominican law and international instruments.

Article 20. Recognition

A judgment issued by a competent judge or court of another State regarding money laundering, predicate offenses, terrorist financing or other offenses described in this law, and any order of seizure, forfeiture or confiscation related thereto, may be recognized, homologated and executed in the Dominican Republic in accordance with the Constitution, treaties, the principle of reciprocity and domestic law.

Article 21. Exchange of information

Competent authorities may exchange information available in the national sphere with foreign counterparts for intelligence or criminal-investigation purposes related to money laundering, predicate offenses, financing of terrorism and proliferation financing, subject to confidentiality, reciprocity, specialization and use limitations.

Article 22. Extradition

Money laundering and terrorist financing shall be deemed extraditable offenses. Extradition requests shall be governed by domestic law and by treaties or agreements signed by the Dominican State with other States. When extradition is refused on grounds of nationality or other legal impediment, the competent Dominican authorities shall submit the case to prosecution when appropriate.

SECTION III - PRECAUTIONARY MEASURES

Article 23. Applicability

When an offense under this law is investigated, the competent investigating judge, at the request of the Public Prosecutor's Office, may at any time and without prior notice or hearing issue an order for seizure, opposition, immobilization or freezing of property, products, instruments, funds, assets, financial resources or economic resources related to the offense, in order to preserve them for forfeiture or confiscation.

SECTION IV - FORFEITURE

Article 24. Forfeiture

When a person is convicted of violating this law, the court shall order forfeiture of property, proceeds and instruments related to the offense, without prejudice to the rights of third parties acting in good faith. Forfeiture shall include property directly or indirectly obtained or derived from the offense, income or benefits obtained from it, and instruments used or intended to be used in the offense.

Article 25. Objective circumstances

When, from the objective circumstances of the case, the competent judicial authority reasonably infers the illicit origin or destination of property or instruments, it shall order their forfeiture in the conviction judgment, unless the lawful origin or purpose is sufficiently proven.

Article 26. Equivalent property

When any property, proceeds or instruments cannot be forfeited because of an act or omission of the convicted person, the court shall order forfeiture of any other property of the convicted person up to an equivalent value.

SECTION V - RIGHTS OF THIRD PARTIES

Article 27. Third-party rights

Seizure, immobilization of funds and forfeiture of property, proceeds and instruments related to offenses under this law shall apply without prejudice to the rights of good-faith third parties.

Article 28. Publication

Within thirty (30) days following seizure, immobilization or similar measures, the Public Prosecutor's Office shall publish notice so that persons claiming rights over the property may appear and assert their claims in accordance with the law.

Article 29. Return

The Public Prosecutor's Office shall return property, products or instruments to a claimant when it is determined that the claimant is a good-faith third party, is not involved in the offense, and has proven a legitimate right over the property, without prejudice to the judicial control applicable in each case.

Article 30. Depreciable assets

When a good-faith third party requests the return of a depreciable asset acquired by a defendant under a financing arrangement, the claimant shall return the net value of the unpaid financing and comply with the legal requirements for delivery or assignment of rights. The rights of financial creditors, good-faith third parties and victims shall be preserved.

CHAPTER V - PREVENTION AND DETECTION REGIME FOR MONEY LAUNDERING AND TERRORIST FINANCING

SECTION I - OBLIGATED SUBJECTS

Article 31. Classification of obligated subjects

For purposes of this chapter, obligated subjects are classified as financial obligated subjects and non-financial obligated subjects.

Article 32. Financial obligated subjects

The following are financial obligated subjects: financial intermediation entities; securities intermediaries and persons that conduct brokerage or intermediation operations in the securities market; investment funds and fund administrators; trust companies; insurance and reinsurance companies and intermediaries; pension-fund administrators; money or value transfer services, including remittance entities; foreign-exchange intermediaries; cooperatives; pawn or credit entities when applicable; and any other financial person or entity designated by regulation because of its risk profile.

Article 33. Non-financial obligated subjects

Non-financial obligated subjects are natural or legal persons carrying out professional, commercial or business activities that, by their nature, may be used in money laundering or terrorist financing, including: casinos, games of chance, lottery banks or betting establishments and lottery or gaming concessionaires; factoring companies; real-estate agents when involved in purchase and sale transactions for clients; dealers in precious metals, precious stones and jewelry; lawyers, notaries, accountants and other legal professionals when they prepare for or carry out transactions for clients involving purchase, sale or remodeling of real estate, management of money, securities or other property, management of bank, savings or securities accounts, organization of contributions for the creation, operation or management of companies, creation, operation or management of legal persons or structures, purchase and sale of business entities, incorporation of legal persons, capital modifications, mergers, spin-offs, purchase and sale of shares or equity interests, acting as formation agents, directors, attorneys-in-fact, partners or similar positions, providing registered or business office services, or acting or arranging for another to act as nominee shareholder; persons habitually buying and selling vehicles, firearms, boats, aircraft or motor vehicles; pawnshops; and construction companies.

Paragraph: By regulation, the National Anti-Money Laundering Committee may include other activities not listed in this law when they present money-laundering or terrorist-financing risks requiring mitigation measures.

SECTION II - OBLIGATIONS OF OBLIGATED SUBJECTS

Article 34. Compliance programs

Obligated subjects shall adopt, develop and execute a risk-based compliance program appropriate to their organization, structure, resources and complexity. The program shall include policies, procedures and controls to prevent, detect and report money laundering, terrorist financing and proliferation financing; appointment of a compliance officer; internal controls; training; risk assessment; independent audits; and other measures required by this law and regulations.

Article 35. Subsidiaries and branches

Obligated subjects shall apply a compliance program, including due-diligence measures, to all local branches and foreign subsidiaries, subject to the law of the jurisdiction where they operate. Where foreign law prevents the application of equivalent measures, the obligated subject shall apply appropriate additional measures and inform the competent supervisor.

Article 36. Policies and procedures to assess risks

Obligated subjects shall develop policies and procedures that include risk-based due diligence considering clients, countries or geographic areas, products, services, transactions, delivery channels and other relevant factors. They shall document, update and make risk assessments available to competent authorities and supervisors.

Article 37. Risk management

Obligated subjects shall implement a methodology enabling timely identification, measurement, control, mitigation and monitoring of potential money-laundering and terrorist-financing risks. Such methodology shall be consistent with their size, nature, complexity and exposure and shall be approved and monitored by the highest governing body.

Article 38. Customer due diligence

Obligated subjects shall conduct due diligence on current and potential clients in order to identify the client, natural or legal, and verify identity using reliable and independent documents, data or information; identify and verify the person claiming to act on behalf of the client and confirm authorization; identify the beneficial owner and take reasonable measures to verify the beneficial owner's identity through reliable sources; understand and, where applicable, obtain information on the purpose and intended nature of the business or financial relationship; and complete verification according to the risk level defined by the obligated subject under its policies and procedures.

Article 39. Monitoring

Obligated subjects shall conduct continuous customer due diligence throughout the business relationship and examine transactions carried out to ensure that they are consistent with knowledge of the client, the client's business, risk profile and source of funds. They shall pay special attention to unusual, complex, significant or non-habitual operations.

Article 40. Timing of due diligence

Client identification and verification shall be completed before or during the establishment of the business relationship or the execution of occasional transactions. Regulations may establish circumstances in which verification may be completed after the relationship begins, provided that money-laundering and terrorist-financing risks are effectively managed and normal business is not interrupted.

Article 41. Enhanced due diligence

Obligated subjects shall apply enhanced due diligence in high-risk situations, including relationships or transactions with politically exposed persons, cross-border correspondent banking, products or services favoring anonymity, high-risk jurisdictions, non-face-to-face transactions, complex structures, and other cases determined by supervisors or risk assessments.

Article 42. Simplified due diligence

When lower risks are identified, obligated subjects may apply simplified due-diligence measures, provided that the simplified measures are consistent with risk assessments and are not applied where there is suspicion of money laundering, terrorist financing or specific higher-risk scenarios.

Article 43. Politically exposed persons

Obligated subjects shall have risk-management systems to determine whether a client or beneficial owner is a politically exposed person, obtain senior-management approval to establish or continue relationships, take reasonable measures to determine source of wealth and source of funds, and conduct enhanced ongoing monitoring.

Article 44. Correspondent banking

Financial entities engaged in correspondent banking shall gather sufficient information on respondent institutions, understand their business, determine reputation and quality of supervision, assess their AML/CFT controls, obtain senior-management approval before establishing relationships, and document the responsibilities of each institution. Relationships with shell banks are prohibited.

Article 45. New technologies

Obligated subjects shall identify and assess money-laundering and terrorist-financing risks that may arise from new products, services, business practices or technologies, and shall take measures to manage and mitigate such risks before their launch or use.

Article 46. Wire transfers

Obligated subjects involved in wire transfers shall obtain and retain accurate originator and beneficiary information, ensure that such information accompanies the transfer throughout the payment chain, monitor transfers lacking required information and take appropriate measures, including rejection or suspension, in accordance with this law, regulations and international standards.

Article 47. Third-party reliance

Obligated subjects may rely on third parties to perform certain due-diligence measures only under conditions established by regulation, provided that they obtain necessary information immediately, ensure access to documentation, verify that the third party is regulated and supervised, and remain ultimately responsible for compliance.

Article 48. Recordkeeping

Obligated subjects shall keep records of transactions, account files, business correspondence, due-diligence documentation and analysis for at least ten (10) years after the end of the business relationship or completion of the occasional transaction, so that they may be made available to competent authorities.

Article 49. Confidentiality and tipping-off prohibition

Obligated subjects, their directors, officers, employees and representatives shall maintain the confidentiality of reports and information provided to the UAF or competent authorities and are prohibited from disclosing to clients or unauthorized third parties that a suspicious-transaction report or related information has been or will be filed.

Article 50. Internal controls and compliance officer

Obligated subjects shall establish internal controls, appoint a compliance officer with sufficient authority, resources and independence, provide training to staff, and ensure that compliance functions have access to all necessary information to perform their duties.

Article 51. Availability of records to supervisors

Obligated subjects shall make all records, documents, data and information required by this law available to their supervisors and competent authorities in a timely, complete and accurate manner.

Article 52. Registration and notification of transactions

Obligated subjects shall record and notify transactions when required by law, regulation or supervisory instruction, including transactions in cash, monetary instruments or other high-risk modalities exceeding thresholds established by competent authorities.

Paragraph: In the case of casinos and games of chance, specific registration, identification and reporting obligations apply to the purchase or exchange of chips, credits, tickets, prizes and other gaming instruments in accordance with the thresholds and rules established by regulation.

Article 53. Cash transaction reports

Obligated subjects shall report to the UAF cash transactions and transactions with monetary instruments that meet or exceed the thresholds established by law or regulation, without prejudice to the obligation to report suspicious operations regardless of amount.

Article 54. Multiple cash transactions

Multiple cash transactions carried out by or on behalf of the same person within a determined period shall be treated as a single transaction when, by their characteristics, they appear to be linked or structured to avoid reporting thresholds.

Article 55. Suspicious-operation report

Obligated subjects shall report to the UAF, promptly and confidentially, any transaction or attempted transaction that is unusual, lacks evident economic or lawful basis, or gives rise to suspicion of money laundering, predicate offenses, terrorist financing or proliferation financing, regardless of the amount involved.

Article 56. Duty of collaboration

Obligated subjects shall provide the UAF, supervisors, the Public Prosecutor's Office and other competent authorities with the information required for the performance of their legal duties, within the deadlines and under the conditions established by law and regulation.

Article 57. Confidentiality protection

Obligated subjects shall adopt measures to protect the confidentiality of employees, officers or agents who make reports to competent authorities, the UAF or internal control bodies. Persons reporting in good faith shall not incur civil, criminal, administrative or disciplinary liability for doing so.

SECTION III - PROHIBITIONS

Article 58. Anonymous accounts and fictitious names

Financial institutions and other obligated subjects are prohibited from opening or maintaining anonymous accounts, accounts under fictitious names, coded accounts that prevent identification, or relationships that do not comply with identification and due-diligence requirements.

Article 59. Shell banks

Financial institutions are prohibited from establishing or maintaining correspondent relationships with shell banks or with institutions that permit their accounts to be used by shell banks.

SECTION IV - CASH PAYMENT LIMITATIONS

Article 60. General duty to use traceable means

Persons involved in acts or transactions subject to this law shall use means of payment that allow identification and traceability of funds when the law, regulations or risk level so require.

Article 61. Obligation to retain evidence of payment

Participants in transactions subject to cash restrictions shall retain reliable evidence of the means of payment, including bank instruments, transfers or other traceable mechanisms, and shall make such evidence available to competent authorities.

Article 62. Duty of registrars and notaries

Notaries, public registrars and mercantile registrars shall verify and retain reliable evidence of the means of payment for transactions subject to restrictions and shall refrain from notarizing or registering prohibited cash operations when the required evidence is not provided.

Article 63. Effects of non-compliance

Failure to comply with payment, traceability and documentation requirements may give rise to administrative sanctions, criminal liability where applicable, and refusal or suspension of notarization or registration.

Article 64. Settlements or payments

Any natural or legal person is prohibited from settling or paying, or accepting settlement or payment of, acts or operations by using cash, coins or banknotes, in national or foreign currency, or precious metals, above the following thresholds:

(a) Creation or transfer of rights over real estate for an amount exceeding one million Dominican pesos (RD$1,000,000.00);

(b) Creation or transfer of rights over motor vehicles, aircraft and vessels for an amount exceeding five hundred thousand Dominican pesos (RD$500,000.00);

(c) Transfer of ownership of watches, precious jewelry, whether by piece or lot, and works of art for an amount exceeding four hundred fifty thousand Dominican pesos (RD$450,000.00);

(d) Purchase of tickets to participate in betting games, contests or raffles, and delivery or payment of prizes for participation in such games, contests or raffles, for an amount exceeding two hundred fifty thousand Dominican pesos (RD$250,000.00);

(e) Participation or play in casinos, lotteries and other games of chance for an amount exceeding two hundred fifty thousand Dominican pesos (RD$250,000.00);

(f) Transfer of ownership or creation of shares or equity interests for an amount exceeding two hundred fifty thousand Dominican pesos (RD$250,000.00); and

(g) Creation of rights of use or enjoyment over any of the property referred to in subparagraphs (a), (b) and (e), for an amount exceeding two hundred fifty thousand Dominican pesos (RD$250,000.00).

Paragraph I: The thresholds established in this article may be indexed by resolution of the National Anti-Money Laundering Committee to adjust to identified risks.

Paragraph II: Public notaries and registrars, including mercantile registrars, shall refrain from notarizing or registering any cash operations prohibited in this article unless reliable evidence of the means of payment is delivered to them for retention.

Article 65. Preservation of payment evidence

Persons subject to the obligations established in this section shall preserve reliable evidence of the means of payment for the period established by this law and make it available to competent authorities, supervisors and tax authorities.

CHAPTER VI - ADMINISTRATIVE SANCTIONS

SECTION I - GENERAL PROVISIONS

Article 66. Administrative sanctions

Administrative sanctions apply to obligated subjects and to the natural persons responsible for non-compliance with obligations established in this law, its regulations and supervisory instructions, without prejudice to civil or criminal liability.

Article 67. Criteria for sanctions

Sanctions shall consider the seriousness of the infringement, degree of responsibility, previous conduct, economic capacity, damage caused, benefits obtained, level of cooperation with authorities, risk generated, recurrence, and other relevant circumstances.

Article 68. Classification of administrative infringements

Administrative infringements under this law are classified, according to seriousness, as very serious, serious and minor.

Article 69. Very serious administrative infringements

Very serious infringements include: failure to report suspicious operations to the UAF; failure to collaborate in a timely manner with written requests from the UAF and other competent authorities; resistance or obstruction of inspection or supervision, including failure to provide information; commission of a new serious infringement within five (5) years after a final administrative sanction for the same type of infringement; failure to execute or maintain forfeiture, precautionary, freezing or immobilization measures required by a judicial or competent authority; failure to comply with prohibitions on providing services, funds, financial assets or economic resources to persons designated by UN Security Council resolutions; failure to comply with preventive freezing measures required by UN Security Council resolutions; failure to maintain confidentiality regarding persons who file reports; violation of Article 64 on settlements and payments; failure to formally identify clients or beneficial owners with documentary support; failure to conduct due diligence or enhanced due diligence; failure to continuously monitor the business relationship; and other breaches classified as very serious by this law, regulations or competent supervisors.

Article 70. Serious administrative infringements

Serious infringements include breaches of obligations related to risk assessments, compliance programs, internal controls, training, recordkeeping, reporting thresholds, customer identification and verification, availability of records, timely responses to supervisors, updating of information, policies on politically exposed persons, correspondent banking, wire transfers, new technologies and other obligations that, while not classified as very serious, materially affect the prevention and detection regime.

Article 71. Minor administrative infringements

Minor infringements include formal, technical or procedural non-compliance that does not constitute a serious or very serious infringement but represents a breach of obligations under this law, regulations or supervisory instructions.

Article 72. Administrative liability of directors

Directors, administrators, managers, officers and persons responsible for obligated subjects may be administratively liable when breaches are attributable to their action, omission, negligence, acquiescence or failure to exercise due oversight.

Article 73. Enforceability of administrative liability

Administrative liability may be enforced independently of criminal or civil liability and shall follow the applicable administrative due-process rules. Sanctions shall be imposed by competent supervisory bodies.

SECTION II - SANCTIONING PROCEDURE AND PENALTIES

Article 74. General sanctions

Depending on the nature and seriousness of the infringement, competent supervisors may impose written warnings, orders to comply, corrective plans, fines, suspension or cancellation of licenses or authorizations, temporary or permanent disqualification of persons, and other administrative measures established by law.

Article 75. Fines for very serious infringements

Very serious infringements may be sanctioned with high monetary fines, proportional to the seriousness of the conduct, the economic capacity of the offender and the benefit obtained, as well as complementary measures such as suspension or cancellation of authorization and disqualification of responsible persons, in accordance with this law and applicable regulations.

Article 76. Fines for serious infringements

Serious infringements may be sanctioned with monetary fines and corrective measures proportionate to the infringement, including orders to remedy, special monitoring, compliance-plan adjustments, temporary restrictions and other measures established by regulation.

Article 77. Fines for minor infringements

Minor infringements may be sanctioned with warnings, corrective orders and lower monetary fines, without prejudice to escalation when non-compliance persists or becomes repeated.

Article 78. Publication of sanctions

Final sanctions may be published by the competent supervisor when appropriate, considering seriousness, deterrence, public interest and legal guarantees.

Article 79. Updating of fines

Amounts of fines established in this law may be indexed or updated in accordance with mechanisms provided by law or by resolution of the competent authority, taking into account risk, inflation and the need for effective, proportionate and dissuasive sanctions.

Paragraph: The amounts of fines established in this law shall be applied without prejudice to other consequences, including criminal penalties, forfeiture, administrative measures and civil liability.

Article 80. Statute of limitations

Administrative infringements and sanctions shall be subject to the limitation periods established in this law and applicable administrative rules. The limitation period shall be interrupted by any action of the competent authority known to the alleged offender and aimed at investigating, prosecuting or enforcing the infringement or sanction.

SECTION III - APPEALS

Article 81. Administrative and jurisdictional remedies

Resolutions imposing administrative sanctions may be challenged through administrative and jurisdictional remedies provided by the Constitution, the law on administrative procedure and applicable sectoral legislation, without suspending the measures unless legally ordered.

CHAPTER VII - TARGETED FINANCIAL SANCTIONS AND PREVENTIVE FREEZING

Article 82. Verification

Competent authorities and obligated subjects shall verify, without delay, whether persons or entities under their control, client base, transactions or operations are designated under United Nations Security Council resolutions related to terrorism, terrorist financing and proliferation financing.

Article 83. Preventive freezing

Upon identification of designated persons or entities, competent authorities and obligated subjects shall apply preventive freezing of funds or other assets without delay and without prior notice, in accordance with UN Security Council resolutions and domestic procedures.

Article 84. Judicial control

The Public Prosecutor's Office shall submit preventive freezing to judicial control before the competent jurisdictional body, which shall act in accordance with the relevant UN Security Council resolutions, the Constitution, this law and applicable procedures.

Article 85. Access to funds

The competent jurisdictional body may authorize access to preventively frozen property or assets, after notification to the respective UN Security Council committees through the Ministry of Foreign Affairs, for basic expenses, extraordinary expenses, payment of fees, service charges or other authorized purposes in accordance with international standards.

Article 86. International cooperation procedure under Security Council Resolution 1373

The Public Prosecutor's Office, through the Ministry of Foreign Affairs, shall study without delay international requests received for designation, freezing, delisting or cooperation under UNSCR 1373. It may request additional information, coordinate with competent authorities, and adopt measures necessary to prevent the movement or dissipation of funds or assets linked to terrorism or terrorist financing.

Article 87. Sanctions for non-compliance with the freezing regime

Failure to comply with obligations under the targeted financial sanctions and preventive-freezing regime shall give rise to criminal, administrative and civil liability as applicable, including sanctions for providing funds, services or economic resources to designated persons or entities.

CHAPTER VIII - INSTITUTIONAL ORGANIZATION

SECTION I - NATIONAL ANTI-MONEY LAUNDERING AND TERRORIST-FINANCING COMMITTEE

Article 88. Committee Against Money Laundering and Terrorist Financing

The National Committee Against Money Laundering and Terrorist Financing is a collegiate coordinating body responsible for the efficient functioning of the system for prevention, detection, control and combat of money laundering, terrorist financing and financing of proliferation of weapons of mass destruction.

Article 89. Functions

The Committee's functions include: preparing and coordinating execution of the national strategy for prevention, control and combat of money laundering and terrorist financing; coordinating competent authorities; proposing policies, regulations and measures; following up on national risk assessments; promoting training and cooperation; recommending inclusion of additional obligated sectors; approving or recommending adjustments to thresholds; coordinating compliance with international standards; and any other functions assigned by law or regulation.

Article 90. Composition

The National Committee shall be composed of the Minister of Finance, who presides over it; the Attorney General of the Republic; the Minister of Defense; the President of the National Drug Control Directorate; the Superintendent of Banks; the Superintendent of Securities; and the Director of the Financial Analysis Unit, who shall act as technical secretary, together with any other members provided by law or regulation.

SECTION II - FINANCIAL ANALYSIS UNIT

Article 91. The Financial Analysis Unit (UAF)

The Financial Analysis Unit (UAF) is a technical entity that exercises the functions of a national center for the receipt, analysis and dissemination of reports and information related to suspicious operations, money laundering, predicate offenses, terrorist financing and proliferation financing. It may request, receive, analyze and disseminate information to competent authorities and international counterparts within the scope of its powers.

Article 92. Independence

The UAF shall have legal personality under public law and financial, human and technical resources that guarantee its independence and autonomy in performing its functions of analysis and information management. It is attached as a unit of the Ministry of Finance and shall submit financial-analysis reports to the Public Prosecutor's Office when there are indications of possible offenses.

Article 93. Directorate of the UAF

The Director is the highest-ranking official of the UAF and shall be appointed by the President of the Republic from a list of three candidates, in accordance with applicable rules. The Director shall direct, organize and represent the Unit, ensure confidentiality, manage resources and perform all functions assigned by law.

Article 94. Disqualifications

Persons disqualified from appointment as Director of the UAF include those convicted as authors or accomplices of economic, financial, corruption, drug-trafficking, money-laundering, terrorist-financing or related offenses; those subject to conflicts of interest; those legally disqualified from public office; and those who fail to satisfy the integrity and suitability requirements established by law.

Article 95. Incompatibilities

The position of Director of the UAF is incompatible with being a director, manager, administrator, partner or shareholder of obligated subjects; being declared in bankruptcy or insolvency; performing activities that compromise independence; holding another paid public or private position incompatible with the function; or having interests that affect impartiality.

Article 96. Cessation of functions

The Director shall cease functions upon completion of the term; resignation accepted by resolution of the Ministry of Finance; occurrence of a disqualification or incompatibility; death or permanent incapacity; or removal for legally established causes.

Article 97. Grounds for removal

The Director of the UAF may be removed for serious misconduct, breach of confidentiality, abuse of authority, failure to perform duties, conviction for a disqualifying offense, conflict of interest, manifest negligence, violation of this law or other legally established causes, following due process.

SECTION III - SUPERVISORY BODIES

Article 98. Powers of supervisors

Supervisory bodies or entities of obligated subjects, in addition to the powers established in their sectoral laws, have regulatory, supervisory, surveillance, inspection, requirement and sanctioning powers in AML/CFT matters. They may issue regulations, instructions and guidelines; require information; conduct inspections; impose sanctions; and cooperate with national and international competent authorities.

Article 99. Risk-based supervision

Supervision shall be conducted using a risk-based approach, considering sectoral, institutional and product risks, size, complexity, vulnerabilities, national risk assessments, typologies and other factors, so that supervisory efforts are focused where risks are higher.

Article 100. Additional obligations of supervisory entities

Supervisory entities shall establish a compliance body or specialized unit to supervise AML/CFT programs; issue rules, instructions, guidelines and recommendations; provide feedback to obligated subjects; establish controls to prevent unsuitable persons from controlling or managing obligated subjects; conduct sectoral risk assessments; maintain on-site and off-site supervision programs; apply administrative sanctions after due process; perform consolidated inspections of financial or economic groups where combined risks exist; adopt recruitment, selection, training and ethics policies for supervisory personnel; and cooperate reciprocally with competent national and international authorities in the exchange and analysis of information.

Article 101. Communication to the UAF

When supervisory bodies identify or determine in the supervision process that operations, transactions or commercial relationships may be suspicious, they shall communicate them to the UAF and to the competent authorities in accordance with applicable confidentiality and cooperation rules.

Article 102. Instructions

Supervisory entities shall maintain communication and feedback with obligated subjects and issue instructions, guides or recommendations to help regulated persons implement preventive and detection measures, based on typologies, risk assessments, international standards and supervisory experience.

CHAPTER IX - AMENDING PROVISIONS

Article 103. Amendment to Law No. 479-08

Article 305 of Law No. 479-08, General Law on Commercial Companies and Individual Limited Liability Enterprises, as amended, is modified, and Article 305 bis is inserted, to provide that shares and obligations represented by certificates may only be issued in nominative form.

Article 305. Nominative instruments shall appear in a registry book kept by the company's secretary, recording successive transfers, exchanges, amortizations or cancellations of shares, and identifying the names, surnames, corporate name when applicable, nationality and domicile of successive holders or former holders, as well as real rights and encumbrances over them. The company shall recognize as holder only the person registered in such book. Any holder or legitimate representative may examine the registry. The company may correct entries it deems false or inaccurate after notifying interested parties of its intention and if they do not object within thirty (30) days. Nominative instruments shall be transferred by a duly signed declaration by transferor and acquirer or their representatives. No legal act concerning a nominative instrument shall be effective against third parties or the company unless notified to the company and entered in the corresponding registry.

Article 305 bis - Transitional period. A period of one (1) year from entry into force of this law is established for companies that issued bearer shares or shares to order, including shares issued before 2011, to convert them into nominative shares. After that period, companies shall inform the Mercantile Registry and the General Directorate of Internal Taxes within thirty (30) days following conversion. If conversion is not carried out within the one-year period, holders may not exercise any rights inherent to the securities before the company. After that period without conversion, the company shall amortize such instruments and separate the holders, within an additional maximum period of six (6) months, under corporate principles, minimum legal requirements and generally accepted accounting standards. No general meeting resolution or other corporate agreement shall be necessary. Amounts separated for reimbursement shall be determined and made available to former holders; if not claimed within the established period, they shall become a permanent legal reserve of the company, subject to the rules of law.

Article 104. Amendment to Article 50(c) of the Tax Code

Subparagraph (c) of Article 50 of the Tax Code, concerning the formal duties of taxpayers, responsible persons and third parties, is amended to require registration in the National Taxpayer Registry and relevant special registries, provision and timely update of required data, accreditation of such registration for legally required acts, and maintenance of updated beneficial-ownership information for resident legal persons or entities without legal personality and for non-resident persons in the cases provided.

Non-resident legal persons or entities without legal personality are subject to this obligation when they act in Dominican territory through a permanent establishment; when their place of effective management and control of economic, commercial, financial or other activities is in Dominican territory; or when the amount and characteristics of Dominican-source income so require according to the Tax Administration.

Beneficial owner means the natural person or persons exercising ultimate effective control or ultimate ownership of a legal person or entity without legal personality, as well as the natural person for whose benefit a transaction is carried out even if not appearing as holder or formal controller. Effective control may arise through direct or indirect ownership or control of a sufficient percentage of shares or voting rights, deemed sufficient at twenty percent (20%); by other means of final control; or, in trusts, investment funds and similar entities, by the persons holding twenty percent (20%) or more of the property or rights, the class of persons for whose benefit the entity exists, or persons exercising effective final control.

Regulations shall determine the beneficial-ownership information to be obtained, where it must be kept within Dominican territory, and the updating frequency, which may not exceed six (6) months after changes occur. Certain publicly traded companies and low- or no-risk entities may be excepted by regulation.

Article 105. Amendment to Article 50(h) of the Tax Code

Subparagraph (h) of Article 50 of the Tax Code is amended to require taxpayers to preserve, in an orderly manner for ten (10) years, the documentation necessary to comply with Article 50(c), as well as accounting books, special books and records, background documents, receipts or proof of payment, and any physical or electronic document related to the taxpayer's operations and activities.

Article 106. Addition to Article 51 of the Tax Code

A new numeral is added to Article 51 of the Tax Code to establish that, in the case provided in Article 50(c), legal persons and entities without legal personality that must register to carry out tax-relevant operations in the Dominican Republic are responsible for maintaining an updated register of their beneficial owners available to the Tax Administration. In the case of Dominican-resident natural persons who are trustees, settlors, beneficiaries or fideicommissaries of foreign trusts or fiduciary arrangements, those natural persons are obligated.

Article 107. Transitional provision to Law No. 141-15

A transitional article is introduced into Law No. 141-15 on Restructuring and Liquidation of Companies and Individual Merchants, empowering the General Directorate of Internal Taxes to regulate by General Rule an abbreviated procedure to seek expedited liquidation of companies. The procedure applies to companies with tax obligations or duties in default under Article 29, numerals 1, 3 and 5, of that law, where after liquidation begins no creditor appears other than the Tax Administration or Social Security bodies. The DGII may group liquidation files with common characteristics into a single proceeding; functions normally performed by officials under Chapter II of that law may be performed by DGII officials; the liquidation judgment shall be issued by the competent Restructuring and Liquidation Court of First Instance; legal deadlines may be reduced and certain steps suppressed when justified and when effective judicial protection is preserved; and the law applies supplementarily where not inconsistent. This transitional regime shall cease to apply three (3) years after entry into force of the General Rule, without prejudice to the DGII's ability thereafter to seek liquidation under the general rules.

Article 108. Amendments to Law No. 3-02 on the Mercantile Registry

Articles 3 and 25 of Law No. 3-02 on the Mercantile Registry are amended.

Article 3. The Mercantile Registry shall be under the responsibility of the Chambers of Commerce and Production, under the supervision of the Ministry of Industry and Commerce. Such supervision includes processing requests for recognition of Chambers of Commerce and Production in formation before the Executive Branch; establishing rules to facilitate application of the law; overseeing compliance with legal provisions on mercantile registration; and applying the sanctions provided in Articles 23 and 25.

Article 25. Failure to provide information regarding changes in the business or any other element giving rise to the obligation to modify registry data shall be sanctioned with an amount of ten (10) to forty (40) minimum wages in force at the date.

Article 109. Regulation

The Executive Branch shall issue, within sixty (60) days from promulgation of this law, the implementing and application regulation, in accordance with international standards on prevention and detection of money laundering and terrorist financing contained in the FATF Recommendations. The regulation may modulate the scope of prevention and detection obligations of non-financial obligated subjects according to their respective operational realities.

CHAPTER X - TRANSITIONAL PROVISION

Sole Provision. Term

A period of one (1) year from entry into force of this law is established for companies that issued bearer shares or shares to order, including shares issued before 2011, to carry out their conversion into nominative shares. After this period, only the rights incorporated in nominative shares may be exercised.

CHAPTER XI - FINAL PROVISIONS

First. Repeals

This law repeals and replaces Law No. 72-02 on Money Laundering from Illicit Drug Trafficking, dated April 26, 2002, except Articles 14, 15, 16, 17 and 33, as amended by Law No. 196-11 of August 3, 2011, which shall remain in force until enactment of the law on Administration and Disposition of Seized, Forfeited and Abandoned Property provided in Article 51, numeral 6, of the Constitution of the Republic. Law No. 480-08 on International Financial Zones in the Dominican Republic, dated December 11, 2008, is also repealed.

Second. Entry into force

This law shall enter into force upon promulgation and publication, in accordance with the Constitution and after the periods provided by the Civil Code of the Dominican Republic have elapsed.

Given in the Session Hall of the Chamber of Deputies, Palace of the National Congress, in Santo Domingo de Guzman, National District, capital of the Dominican Republic, on the thirty-first (31st) day of May of the year two thousand seventeen (2017), year 174 of Independence and year 154 of the Restoration.

Given in the Session Hall of the Senate, Palace of the National Congress, in Santo Domingo de Guzman, National District, capital of the Dominican Republic, on the thirty-first (31st) day of May of the year two thousand seventeen (2017), year 174 of Independence and year 154 of the Restoration.

DANILO MEDINA

President of the Dominican Republic

In exercise of the powers conferred upon me by Article 128 of the Constitution of the Republic, I promulgate this Law and order that it be published in the Official Gazette for its knowledge and compliance.

Given in Santo Domingo de Guzman, National District, capital of the Dominican Republic, on the first (1st) day of June of the year two thousand seventeen (2017), year 174 of Independence and year 154 of the Restoration.