

COMPLIANCE DIVISION

MONEY LAUNDERING AND TERRORIST FINANCING

What do we do?

Through our Compliance Division, we provide a comprehensive service for each of the legally bound reporting parties set out in Article No. 15 of Law 26,683

We collaborate with our clients in developing sound and efficient programs to ensure a policy of prevention of Money Laundering and Terrorist Financing. Our services are:

Comprehensive Advice

This service includes:

- Training courses.
- Knowledge evaluation.
- Development and preparation of the Procedures Manual.
- Assistance to the Compliance Officer.
- Internal Audit.
- Risks Assessment.

1

Procedures

We offer the preparation of manuals containing the procedures implemented by the Company as well as the best market practices. In turn, through the "Virtual Procedures Office", you can outsource its maintenance, achieving significant cost minimizing.

2

Internal Audit

We provide the following services:

- Internal Audit annual plan: Customized Procedures for each legally bound reporting party with a risk based approach.
- Fulfillment of the Internal Audit Program.
- Comprehensive Service of Internal Audit.

3

Training

We implement a training program on the prevention of money laundering and terrorist financing, addressed to your officers and employees, which includes:

- Current regulatory framework.
- Internal policies implemented by the legally bound reporting party.
- Best practices.

4

Risks Assessment

We conduct a limited review, for a specified period, of certain randomly selected transactions on which the behavior of the entire information circuit and the clients' analysis are observed, in order to diagnose the level of compliance.

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CONTACT

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Legally bound reporting party

· Financial and exchange institutions

· Customs agents

· Postal service companies that carry out money orders or currency transfer

· Insurance companies

· Agents, stockbroker firms and managers of mutual funds

· Insurance brokers, consultants, agents, intermediaries, experts and adjusters

· Gambling operations

· Companies issuing travelers checks or operating credit/purchase cards

· Legal entities receiving donations or contributions from third parties

· Armored money transporting companies

· Registered real estate agents or brokers

· Professionals registered with Professional Councils in Economics

· Trust administrators, trustees, intermediaries or agents

· Notary public

· Mutual associations and cooperatives

· Public Registry of Commerce, supervision and control agencies of legal entities

· Sale of vehicles, agricultural and road machinery, boats and similar

· Real Property, Vehicle and Chattel Registries

· Sale of works of art, antiques, jewelry and gemstones goods.

· BCRA, AFIP, SSN, CNV, IGJ and INAEs

· Entities that organize and regulate professional sports

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General aspects to comply

Legally bound reporting parties must comply with the following guidelines¹:

- Update, inform and train about the procedures and functions manual
 - Have a Compliance Officer
 - Have an annual internal audit plan
 - Have a comprehensive staff training program
 - Monitor and know the employees
 - Implement measures to consolidate transactions with clients electronically
 - Implement a technology tool (e.g. software) that sends alerts to detect unusual or suspicious transactions.
- Comply with the policy "Meet your client"
 - Define the client profile
 - Keep the files updated
 - Design a risks matrix
 - Update the risks matrix with unusual transactions that are not considered suspicious
 - Timely inform the suspicious transactions through a ROS
 - Timely inform the formal obligations established by the UIF2 through the RSM
 - Keep the backup documentation for 10 years

¹ Additionally, each legally bound reporting party has a particular resolution with certain special requirements.

² Financial Information Unit, UIF for its acronym in Spanish.

Responsibilities

Chapter I of Law 25,246 amends the Argentine Penal Code, establishing different punishments for those who commit a crime of concealment and laundering of proceeds of crimes, computing both economic penalties and imprisonment.

Thus, the crime of money laundering was incorporated into the Penal Code in the year 2000 associated with the crime of concealment, i.e. to prosecute a person it was necessary to prove the precedent crime that gave rise to those funds; in turn, there should be a person acting as an accessory to give the appearance of a lawful transaction to the proceeds of crime committed by the first one. For example, if a person was dealing drugs and in turn gave lawful appearance to the proceeds of such crime, he/she could only be judged for the drug trafficking crime but not for money laundering.

With the enactment of Law 26,683 of 2011, the money laundering crime was determined as independent of the precedent one, establishing the following penalties in general terms:

- ✓ Prison from 6 months to 6 years for those who have acted as accessory.
- ✓ Prison from 3 to 10 years and a fine of 2 to 10 times the amount of the transaction for those who put into circulation in the market goods from a criminal offense, provided that exceeds the amount of ARS 300,000; if this amount is not exceeded, 6 months to 3 years imprisonment will be imposed.
- ✓ Prison from 4.5 to 13 years and a fine of 3 to 13 times the amount of the transaction for those who habitually commit the crime.
- ✓ In the case of legal entities, a fine of 2 to 10 times the amount of the proceeds of crime to total or partial suspension of their activities will be imposed.
- ✓ Fine of ARS 50,000 to ARS 500,000 for legally bound reporting parties that do not keep the information sent to the UIF secret.
- ✓ Fine of 5 to 20 times the amount of the proceeds of crime to the legal entity that has provided goods or money for an illegal act.
- ✓ Fine of 1 to 10 times the amount of the goods or transaction when any of the obligations imposed by the UIF are infringed; if the real value of the goods cannot be established, the fine will be of ARS 10,000 to ARS 100,000.
- ✓ In the case of a crime performed by a public official in the exercise of his/her functions, in addition to the above penalty, he/she will be disqualified for 3 years.
- ✓ Administrative freezing of assets (goods or money) to those who are reported by Suspicious Transaction of Terrorist Financing.

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