

Translated from Spanish

Republic of Paraguay

Secretariat for the Prevention of Asset- or Money-Laundering

Financial Intelligence Unit

Note UIF-SEPRELAD/SE No. 294/2020

Asunción, 19 May 2020

Sir,

The Secretariat for the Prevention of Asset- or Money-Laundering is pleased to write to you in reference to note VMRE/DGAE/No. 113/20 concerning United Nations General Assembly resolution 50/53 relating to the Declaration on Measures to Eliminate International Terrorism.

In that connection, and under its exclusive jurisdiction, the Secretariat is pleased to transmit herewith the 10-page report describing the measures and actions taken by the Secretariat that are currently in force to prevent and prosecute acts related to terrorism and its financing.

The report contains, inter alia, information relating to the updating of the national strategic plan, the national risk assessment and the legal and regulatory regime concerning money-laundering and the financing of terrorism.

Accept, Sir, the assurances of my highest consideration.

Carlos Adolfo Arregui Romero

Executive Secretary

H.E. Mr. Ricardo Scavone Yegros

Ambassador and Director-General

General Directorate for Special Affairs

Ministry of Foreign Affairs

Subject: Report on measures to eliminate international terrorism
United Nations General Assembly resolution 74/194 of 18 December 2019

Ref.: Note VMRE/DGAE No. 113/20

Date: 19 May 2020

Period: 2018–2020

The Secretariat for the Prevention of Asset- or Money-Laundering (SEPRELAD) has prepared this document to report on the measures taken to eliminate terrorism and money-laundering and to strengthen the anti-money-laundering and counter-terrorism financing system of Paraguay, including the numerous compliance provisions in force that apply to reporting entities and institutions that are a part of the system.

SEPRELAD, as the country's financial intelligence unit, takes measures in coordination with the various institutions comprising the system to prevent and prosecute money-laundering and terrorism financing. Key measures taken in the period from 2018 to 2020 include the updating of the national strategic plan and the national risk assessment concerning money-laundering and terrorism financing in accordance with Executive Decree No. 507/2018, which amends the plan of action annexed to Decree No. 9302 of 6 August 2018. The latter decree updates the national money-laundering and terrorism financing risk assessment, recognized by Decree No. 4779/2016, and approves the incorporation thereof as new goals and actions of the national strategic plan for combating money-laundering, terrorism and proliferation financing, approved by Decree No. 11200/2013.

Paraguay has strengthened its measures to combat money-laundering and terrorism financing by updating its national strategic plan and national financing risk assessment with the goals and actions set out in the plan of action relating to criminal law, structural and cross-cutting matters, prevention, detection and investigation, and criminal justice. In doing so, Paraguay has developed a normative and regulatory anti-money-laundering and counter-terrorism financing framework that is aligned with international standards for combating money-laundering and terrorism financing.

A national terrorism financing risk assessment is being carried out in accordance with Executive Decree No. 2209/2019, with the technical assistance of the World Bank and input from government agencies and entities, and with the collaboration of other public and private entities, as called for under the national strategic plan, updated by Decree No. 507/2018. Once the assessment is completed and presented, its conclusions and recommendations will be applied nationwide to mitigate the risk of terrorism financing.

As regards the legal framework for combating terrorism financing, the Republic of Paraguay has signed the following conventions concluded under the auspices of the United Nations and other multilateral bodies:

No.	Conventions	Signed, ratified and implemented (dates and laws)	Convention articles penalizing criminal conduct
01	Convention on Offences and Certain Other Acts Committed on Board Aircraft (1963)	Act No. 6322 Promulgated: 14 June 2019 Published: 19 June 2019	Act No. 4024, article 1(5) Code of Criminal Procedure, articles 213 to 216
02	Convention for the Suppression of Unlawful Seizure of Aircraft (1970)	Act No. 6070 Promulgated: 16 May 2018 Published: 22 May 2018	Act No. 4024, article 1(5) Code of Criminal Procedure, articles 213 to 216
03	Protocol Supplementary to the Convention for the Suppression of Unlawful Seizure of Aircraft (2010)		
04	Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation (1971)	Signed: 23 January 1973 Deposited: 5 March 1974	Act No. 4024, article 1(5) Code of Criminal Procedure, articles 213 to 216

05	Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents (1973)	Adopted: 14 December 1973 Signed: 25 October 1974 Approved: Act No. 529, 3 October 1975 Deposited: 20 February 1977	Act No. 4024, article 1(1) Code of Criminal Procedure, articles 105 and 112
06	International Convention against the Taking of Hostages (1979)	Act No. 2359 Promulgated: 21 April 2004 Published: 11 May 2004	Act No. 4024, article 1(4)
07	Convention on the Physical Protection of Nuclear Material and Nuclear Facilities (1980)	Act No. 1086 Promulgated: 21 November 1984 Published: 21 November 1984	Act No. 4042, article 1(4) Code of Criminal Procedure, article 203
08	Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, Supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation (which extends the provisions of the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation) (1988)	Deposited: 23 July 2002 Entered into force: 22 August 2002	Act No. 4024, article 1(5) Code of Criminal Procedure, articles 213 to 216
09	Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation (1988)	Act No. 2377 Promulgated: 30 April 2004 Published: 11 May 2004	Act No. 4024, article 1(5) Code of Criminal Procedure, article 214
10	Protocol of 2005 to the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation (2005)		Act No. 4024, article 1(5) Code of Criminal Procedure, articles 213, 214 and 215

11	Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf (1988)	Act No. 2380 Promulgated: 30 April 2004 Published: 11 May 2004	Act No. 4024, article 1(4) Code of Criminal Procedure, article 203
12	Convention on the Marking of Plastic Explosives for the Purpose of Detection (1991)	Act No. 2379 Promulgated: 20 April 2004 Published: 15 May 2004	Act No. 4024, article 1(4) Code of Criminal Procedure, articles 203 and 212
13	International Convention for the Suppression of Terrorist Bombings (1997)	Act No. 2372 Promulgated: 29 April 2004 Published: 11 May 2004	Act No. 4024, article 1(6) and 1(7) Code of Criminal Procedure, articles 218, 274 and 288
14	International Convention for the Suppression of the Financing of Terrorism (1999)	N/A	N/A
15	International Convention for the Suppression of Acts of Nuclear Terrorism (2005)	Act No. 3677 Promulgation: 30 December 2008 Publication: 7 January 2009	Act No. 4024, article 1(4) Code of Criminal Procedure, articles 203, 209 and 212
16	Convention on the Suppression of Unlawful Acts Relating to International Civil Aviation (2010)	Act No. 6070 Promulgated: 16 May 2018 Published: 22 May 2018	Act No. 4024, article 1(5) Code of Criminal Procedure, articles 213 to 216

Paraguay has also enacted a series of laws during the period from 2018 to 2020, at the initiative of the Secretariat for the Prevention of Money-Laundering in coordination with various other institutions of the anti-money-laundering and counter-terrorism financing system and with the support of the legislature. These laws underpin efforts to combat money-laundering and

terrorism financing and were drafted based on the plan of action of the national strategic plan.

The following laws are currently in force:

No.	Legal framework Period from 2009 to 2020	Amendments Laws adopted in the period from 2018 to 2020
01	Act No. 1015/97, on the prevention and suppression of illicit acts relating to asset- or money-laundering; Act No. 3783/09, amending several articles in Act No. 1015/97, on the prevention and suppression of illicit acts relating to asset- or money-laundering	Act No. 6497/19, amending Act No. 1015/97, on the prevention and suppression of illicit acts relating to asset- or money-laundering, as amended by Act No. 3783/09
02	Act No. 4100/10, approving the Memorandum of Understanding between the Governments of the States members of the South American Financial Action Task Force on Money-Laundering (GAFISUD)	Act No. 5582/16, approving the amendment to the Memorandum of Understanding of the South American Financial Action Task Force on Money-Laundering (GAFISUD)
03	Act No. 1160/97 on the Criminal Code	Act No. 3440/08, amending several provisions of Act No. 1160/97; Act No. 6452/19, amending several provisions of Act No. 1160/1997 on the Criminal Code, as amended by Act No. 3440/2008; Act No. 6430/19, on preventing, criminalizing and penalizing punishable acts of transnational bribery and corruption; and Act No. 6431/19, establishing a special procedure for confiscation, special confiscation, forfeiture of proceeds and gains, and confiscation following a stand-alone proceeding
04	Act No. 4024/10, on punishable acts of terrorism, terrorist association and terrorism financing	Act No. 6408/19, amending Act No. 4024/10, on punishable acts of terrorism, terrorist association and terrorism financing

05	Act No. 4503/11, on the freezing of funds or financial assets	Act No. 6419/19, regulating the freezing of financial assets of persons linked to terrorism and the proliferation of weapons of mass destruction, and the dissemination, listing and delisting procedures relating to sanctions lists established pursuant to United Nations Security Council resolutions, and repealing Act No. 4503/11 on the freezing of funds or financial assets
06	Act No. 5895/17, establishing rules on transparency in the governance of joint-stock companies	Act No. 6399/19, modifying articles 3 and 4 of Act No. 5895/17, establishing rules on transparency in the governance of joint-stock companies, and establishing provisional measures
07	Act No. 6446/19, establishing an administrative register of legal persons and entities and a register of final beneficiaries in Paraguay	
08	Act No. 6379/19, establishing criminal jurisdiction over economic and organized crimes	
09	Act No. 5876/17, on the administration of seized or confiscated assets	Act No. 6396/19, amending article 46 of Act No. 5876/17 on the administration of seized or confiscated assets

In addition, several relevant executive decrees have been issued relating to anti-money-laundering and counter-terrorism financing:

Decree No. 3265/2020, establishing the frequency for updating the national money-laundering and terrorism financing risk assessment and reviewing the method used to conduct the assessment, and for updating the national strategic plan for combating money-laundering, terrorism and proliferation financing;

Decree No. 2307/2019, recognizing the designation of Al-Qaida and Islamic State in Iraq and the Levant as global terrorist organizations and of Hamas and Hizbullah as armed militias;

Decree No. 1548/2019, establishing a council of overseers of reporting entities, components of the system for combating money-laundering, terrorism financing and the financing of the proliferation of weapons of mass destruction;

Decree No. 2209/2019, providing for the conduct of a national terrorism financing risk assessment, with the technical assistance of the World Bank and input from government agencies and entities, and with the collaboration of other public and private entities, as called for under the national strategic plan, updated by Decree No. 507/2018;

Decree No. 507/2018, amending the plan of action annexed to Decree No. 9302 of 6 August 2018, which updates the national money-laundering and terrorism financing risk assessment, recognized by Decree No. 4779/2016, , and approves the incorporation thereof as new goals and actions of the national strategic plan for combating money-laundering and terrorism and proliferation financing, approved by Decree No. 11200/2013;

Decree No. 9302/2018, updating the national money-laundering and terrorism financing risk assessment, recognized by in Decree No. 4779/2016, and approving its incorporation as new goals and actions of the national strategic plan for combating money-laundering, and terrorism and proliferation financing, approved by Decree No. 11200/2013;

Decree No. 7949/2017, establishing a mechanism for general coordination and an inter-agency committee for combating money-laundering and terrorism financing in the Republic of Paraguay and repealing Decree No. 6604/2016;

Decree No. 4779/2016, presenting the final report on the national money-laundering and terrorism financing risk assessment prepared with the support of the Inter-American Development Bank and incorporating the results of the assessment into the national strategic plan;

Decree No. 4400/2015, amending and expanding articles 4 and 13 of Decree No. 4561/2010 and approving the system of fees to be levied by the Secretariat for the Prevention of Asset- or Money-Laundering;

Decree No. 11200/2013, approving the national strategic plan for combating money-laundering and the financing of terrorism and the proliferation of weapons of mass destruction;

Decree No. 8413/2012, declaring as a national priority the drafting and development of the national strategic plan for combating money-laundering and the financing of terrorism, developed by the Secretariat for the Prevention of Asset- or Money-Laundering and the Central Bank of Paraguay, with the support of the International Monetary Fund and the Inter-American Development Bank;

Decree No. 4561/2010, setting out regulations in connection with Act No. 1015/97 and Act No. 3783/09, and approving the organizational and functional structure of the Secretariat for the Prevention of Asset- or Money-Laundering (SEPRELAD), which is under the Office of the President of the Republic;

Decree No. 5279/2005, setting out regulations in connection with Act No. 1340/88, as amended, Acts Nos. 108/91, 68/92, 171/93, 396/94 and 1881/02, and reorganizing the national anti-drug agency SENAD;

Decree No. 10144/2012, establishing the national anti-corruption agency SENAC, under the Office of the President of the Republic;

Decree No. 4937/2016, establishing and integrating the transparency and anti-corruption network coordinated by the national anti-corruption agency SENAC, under the Office of the President of the Republic;

SEPRELAD is the designated enforcement authority under Act No. 1015/97, on the prevention and suppression of illicit acts relating to asset- or money-laundering, and Act No. 3783/09, amending several articles of Act No. 1015/97, and Act No. 6497/19, amending Act No. 1015/97, as amended by Act No. 3783/09. Accordingly, the agency has updated a number of regulations to incorporate a risk-based approach to the prevention of money-laundering and terrorism financing. In this connection, the following decisions can be mentioned:

SEPRELAD Decision No. 09/2020, urging reporting entities to adopt in their due diligence processes criteria for natural and legal persons involved in activities associated with virtual assets,

in accordance with Act No. 1015/97 and the Acts amending it;

SEPRELAD Decision No. 08/2020, recognizing natural and legal persons involved in activities associated with virtual assets as reporting entities under Act No. 1015/97, amended by Act No. 3783/09 and Act No. 6497/19;

SEPRELAD Decision No. 70/2019, approving a regulation for the prevention of money-laundering and terrorism financing based on a risk management system for banks and finance companies overseen by the Office of the Superintendent of Banks of the Central Bank of Paraguay;

SEPRELAD Decision No. 71/2019, approving a regulation for the prevention of money-laundering and terrorism financing based on a risk management system for reporting entities overseen by the Office of the Superintendent of Insurance of the Central Bank of Paraguay;

SEPRELAD Decision No. 349/2013, currently in force for currency exchange offices;

SEPRELAD Decision No. 214/2019, establishing complementary rules applicable to alert analysis procedures to be observed by reporting entities overseen by the Office of the Superintendent of Banks and the Office of the Superintendent of Insurance of the Central Bank of Paraguay;

SEPRELAD Decision No. 213/2019, authorizing the issuance of an interpretative guide for banks and financial institutions overseen by the Office of the Superintendent of Banks of the Central Bank of Paraguay and governed by SEPRELAD Decision No. 70/2019;

SEPRELAD Decision No. 94/2019, designating natural and legal persons that habitually engage in the activity of buying and selling of real estate as reporting entities that are required to submit suspicious transaction reports and other related reports through a dedicated web application;

SEPRELAD Decision No. 56/2019, establishing the procedures to be followed by the national customs directorate and financial institutions relating to foreign wire transfers used to pay for goods to be imported, in order to assisting in the prevention of money-laundering and terrorism financing;

SEPRELAD Decision No. 50/2019, approving a regulation for identifying politically exposed persons and the due diligence measures to be applied by the reporting entities in line with a risk-based approach;

SEPRELAD Decision No. 255/2018, striking off from the reporting entities register of SEPRELAD natural and legal persons that have ceased to engage in operations regulated by Decision No. 085/2015 and have provided notification thereof;

SEPRELAD Decision No. 224/2018, establishing the procedure for encoding the names of reporting entities and SEPRELAD financial analysts in the intelligence reports submitted by SEPRELAD to the Office of the Public Prosecutor and to other government authorities;

SEPRELAD Decision No. 614/2017, concerning natural or legal persons engaged in the granting of cash-based credit or loans or the management of credit portfolios using their own capital.

Furthermore, SEPRELAD issues circulars regularly or as-needed to guide and educate reporting entities to facilitate the adoption of preventive measures and the monitoring of their operations, as appropriate to each sector and in accordance with the anti-money-laundering and counter-terrorism financing regulations:

Date	Circular – Description
January 2018	Informing reporting entities overseen by the Office of the Superintendent of Banks, the Office of the Superintendent of Insurance, the National Institute of Cooperatives and the National Securities Commission that SEPRELAD decision No. 614/2017 applies exclusively to natural and legal persons engaged in the granting of cash-based credit or loans or the management of credit portfolios
February 2018	Notifying the general public that virtual currencies, or cryptocurrencies, are digital assets that are created, issued and stored electronically and are not regulated by any local monetary authority
January 2018	Informing officials of the General Directorate for Financial and Strategic Analysis that an identifier code shall be assigned to them as from the date of the circular.

February 2018	Announcing the start of the institutional training activities being offered by the General Directorate of Public Registries and the Centre for Capacity-building and Training
March 2018	Informing reporting entities of the anti-money-laundering and counter-terrorism financing system that the national risk assessment and the plan of action amended by Executive Decree No. 507/2018 had been published on the website of SEPRELAD
January 2019	Notifying reporting entities about transactions linked to the illegitimate Government of Venezuela
February 2019	Informing reporting entities overseen by SEPRELAD that on-site inspections to be carried out in 2019 have not yet been scheduled and that a risk-based approach will be used to conduct the inspections
March 2019	Announcing the decision to delay to 20 May 2019 the entry into force of SEPRELAD Decision No. 56/2019
April 2019	Notifying reporting entities in general about methods that may be used by high-ranking political figures in Venezuela, including their associates, relatives or proxies, in connection with acts of corruption, to move or hide the proceeds of corruption
May 2019	Announcing the national terrorism financing risk assessment workshop to be held in the training room on the balcony level of the Cultural Centre of the Central Bank of Paraguay on 6 and 7 August 2019.
January 2019	Informing all reporting entities that the Republic of Argentina, by means of Decree No. 489/2019, has established a public register of persons and entities associated with acts of terrorism and terrorism financing , in order to provide access to and exchange information on natural and legal persons and entities associated with acts of terrorism and/or terrorism financing, and also to facilitate national and international cooperation and coordination to prevent, combat and eradicate terrorism and terrorism financing.

March 2019	Requesting that all reporting entities provide information relating to virtual assets.
April 2019	Requesting that all banking and financial institutions make the technological changes necessary to enable the submission of suspicious transaction reports in accordance with article 66 of Decision No. 70/2019.
January 2020	Reminding all reporting entities that they are required to monitor the sanctions lists issued by the United Nations Security Council continuously and to cross-check the lists regularly against their databases of potential and current clients, business partners, associates or members, in accordance with Act No. 6419/2019, regulating the freezing of financial assets of persons linked to terrorism and the proliferation of weapons of mass destruction, and the dissemination, listing and delisting procedures relating to sanctions lists established pursuant to United Nations Security Council resolutions.
