



FIRST ENHANCED FOLLOW-UP REPORT OF DOMINICAN REPUBLIC



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DOMINICAN REPUBLIC: FIRST ENHANCED FOLLOW-UP REPORT

I. INTRODUCTION

1. The Mutual Evaluation Report (MER) of Dominican Republic was adopted in July 2018. This follow-up report analyses the progress made by Dominican Republic in addressing the technical compliance deficiencies identified in its MER. New ratings are granted when sufficient progress is observed. In general, the expectation is that countries would have addressed most of the technical compliance deficiencies, if not all, before the end of the third year since the adoption of their MER. This report does not address Dominican Republic’s progress on effectiveness. A subsequent follow-up evaluation will analyse the progress made on effectiveness, which may eventually result in a new rating of the Immediate Outcomes.

II. FINDINGS OF THE MUTUAL EVALUATION REPORT

2. Based on the MER, Dominican Republic was rated as follows in relation to technical compliance:

Table 1. Technical compliance ratings, July 2018

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
LC	C	C	C	C	LC	LC	PC	C	LC
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
LC	LC	C	PC	C	LC	LC	PC	PC	C
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
LC	LC	C	LC	LC	PC	C	LC	C	LC
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
LC	PC	C	LC	C	C	LC	LC	PC	LC

Note: There are four possible levels of technical compliance: Compliant (C), Largely Compliant (LC), Partially Compliant (PC) and Non-Compliant (NC.)

Sources: (i) Dominican Republic Mutual Evaluation Report, September 2018, [<http://www.gafilat.org>].

3. Considering the results reflected in the MER, GAFILAT placed Dominican Republic under the enhanced follow-up process.¹ The Executive Secretariat of GAFILAT evaluated Dominican Republic’s request for a new technical compliance rating and prepared this report.

4. Section III of this report summarizes Dominican Republic’s progress in improving technical compliance. Section IV presents the conclusion and a table showing which Recommendations were re-rated.

III. OVERVIEW OF THE PROGRESS MADE TO IMPROVE TECHNICAL COMPLIANCE

¹ The regular follow-up is the default monitoring mechanism for all countries. The enhanced follow-up process is based on the FATF traditional policy that approaches members with significant (technical compliance or effectiveness) deficiencies in their AML/CFT systems, and it involves a more enhanced follow-up process.

5. This section summarizes Dominican Republic's progress in improving its technical compliance by:

- (a) Addressing the technical compliance deficiencies identified in the MER, and
- (b) Implementing the new requirements in cases where the FATF Recommendations have changed since the on-site visit to Dominican Republic (R. 2, R.18 and R.21).

3.1. Progress in addressing technical compliance deficiencies identified in the MER

6. Dominican Republic has worked to address its technical compliance deficiencies identified in the MER in relation to the following Recommendations:

- R. 18, rated PC,
- R. 19, rated PC,
- R. 26, rated PC,
- R. 32, rated PC.

7. As a result of this progress, Dominican Republic was re-rated in relation to Recommendation 18. GAFILAT acknowledges the progress made by Dominican Republic in improving the technical compliance of Recommendations 19, 26 and 32. However, it is considered that the progress made so far does not allow a new rating of these Recommendations.

Recommendation 19 – Higher-risk countries (originally rated PC – not re-rated)

8. Dominican Republic's MER established as deficiencies: 1) Law 155-17 does not provide for the mechanisms for the country to apply countermeasures proportionate to the risks: (a) when called upon to do so by the FATF; and (b) independently of any call by the FATF to do so and 2) There is no advertising of non-cooperative or high-risk jurisdictions lists identified by the FATF in the securities, insurance and cooperatives sectors.

9. The provisions of the new Regulation R-CNMV-2018-12-MV applicable to the securities exchange market sector, which provide as a risk factor for transactions involving jurisdictions defined by the FATF as high-risk factors (Articles 03(d), 12 numeral IV); provide that reporting institutions must be aware of the list of non-cooperative or high-risk countries under the FATF Standard (20(p)); provide that they shall apply enhanced due diligence to business relationships and transactions with customers or entities incorporated in high-risk countries, territories or jurisdictions or involving transfers of funds from or to such countries, territories or jurisdictions, including in any case, those countries considered high-risk by the FATF (30(b)); and that for the assessment of high-risk countries, jurisdictions and geographical areas, reporting institutions will take into account, among others, jurisdictions defined by the FATF, as well as other lists considered by the Superintendence or the reporting institution (Article 35(b)).

10. In turn, the country referred to Circular SIB 003/18, which provides in its literal C, numeral 13, p. 37 that financial intermediation and exchange institutions should implement policies that include procedures for the implementation of enhanced, effective and risk-based due diligence measures, and countermeasures, to business relations and transactions with natural or legal persons and financial institutions from countries for which the FATF makes a call to that effect or independently of it. In particular, it provides that, at a minimum, such countermeasures should include: a) Reporting mechanisms on financial transactions carried out. b) Prohibition to establish subsidiaries or representation offices. c)

Limit business relations or financial transactions with the country or persons identified in that nation. d) Review, amend, or, if necessary, terminate correspondent relations with financial institutions in the country concerned. e) Require more exhaustive external audits for branches and subsidiaries located in the country concerned.

11. In addition, it added that “The Regulation that governs the Prevention against Money Laundering and Terrorist Financing for the Insurance Sector,” in Section I, Article 6.2, literal F, indicates that Reporting Institutions should establish in their procedures the establishment of business relationships with people from non-cooperative countries. In addition, Article 9 sets out the high-risk factors, where they should consider at least situations where they can apply the enhanced due diligence.

12. Finally, the Dominican Republic indicated that Regulation 001-2017 on the regime for the prevention of money laundering, terrorist financing and the proliferation of weapons of mass destruction for the cooperative sector establishes among the obligations of the compliance officer to pay special attention and apply enhanced due diligence to the risk involved in business relations and transactions related to countries or territories declared non-cooperative by the FATF (www.fatf-gafi.org.) Similarly, business relationships and transactions with little or no taxation countries or territories should also be considered (Article 14.k.).

13. It should be noted, however, that the elements indicated make it possible to address the requirements of Criterion 19.1, but do not fully cover what is required by Criterion 19.2, which is addressed to the countries, except what it is related to Circular SIB 003/18.

14. With regard to the second deficiency, Dominican Republic confirmed that the website of the Superintendence of Insurance provides access to the lists of non-cooperative or high-risk countries of the FATF, by the following link: <http://www.superseguros.gob.do/index.php/lista-prevencion-la>. With regard to the securities sector, it was reported that the website of the Department of Crime Prevention of the Superintendence of the Securities Exchange Market provides access to the various lists of non-cooperative countries and territories or countries with high ML/TF risk levels, through links to the web pages of the official organizations FATF, GAFILAT, UN, etc. However, access links are to the pages of the respective international agencies, but no reference is made to lists of high-risk or non-cooperative countries. The information provided allows to conclude that the deficiency was addressed with respect to the insurance sector. There is no information on addressing the deficiency in the securities and cooperative sectors.

15. According to the analysis of the information submitted by the Dominican Republic, the deficiencies identified in the MER with respect to criterion 19.2 were not fully addressed. With regard to the deficiency of Criterion 19.3, the approach was only with regard to the insurance sector, and it remains in relation to the securities and cooperative sectors. On the basis of the above, it is considered that the rating of Recommendation 19 should be maintained as **Partially Compliant**.

Recommendation 26 – Regulation and Supervision of financial institutions (originally rated PC – not re-rated)

16. Dominican Republic’s MER established as deficiencies: 1) In the securities, insurance, and cooperatives sectors there are no provisions and, consequently, there are no mechanisms to cover the universe of reporting institutions and to prevent criminals or their associates from holding (or being the BO of) an interest or holding a management function; and 2) the SIB and the SIV have a Risk-Based Supervision Framework where they specify the manner the risk matrix should be integrated (SB Circular

letter CC/003/12.) In this framework, it is set forth that the Supervision Plan of each reporting institution under their supervision should include an analysis of the sector's risks; the concerns or issues expressed by other institutional areas that support the supervision; and the planning of the assessment of pair institutions, analysis of the competition, and other special studies relating to the sector. No similar aspects are foreseen with respect to the insurance and cooperative sectors.

17. With regard to the first deficiency, the Dominican Republic made reference to the provisions of Law 155-17 (AML / CFT Law) and its Regulatory Decree No. 408-17, and in the cooperative sector, reference was made to the IDECOOP Regulation No. 001-2017. These provisions were analysed during the process of mutual evaluation contained in the IEM approved in the XXXVII Plenary of July 2017, so it is not possible to carry out its re-assessment.

18. As regards the insurance sector, the country reported on the recent issuance of the INTERNAL CIRCULAR 01-19 of the Superintendence of Insurance, which establishes the EDD for shareholders, partners, senior management, corporate governance and management of insurance companies, reinsurance and moral and physical brokers. The Circular instructs the Technical Directorate, the Directorate of Inspection and Surveillance and the departments that comprise them, to apply an enhanced due diligence methodology in order to validate, document and record the documents that support the suitability of the board of directors of the reporting institution, as well as senior managers, auditors and actuaries, both individually and collectively, and ensuring that the controlling shareholders of the reporting institution of the insurance sector are suitable, among other relevant elements.

19. The information provided allows to conclude that the deficiency was addressed with respect to the insurance sector, but remains unaddressed in relation to the cooperative sector.

20. With regard to the second deficiency, Dominican Republic referred to the scope of Art. 99 and 100 of Law 155-17, which was analysed during the country's mutual evaluation. As a result, there are no additional elements that allow considering the deficiency related to the insurance and cooperative sectors.

21. According to an analysis of the information presented by the Dominican Republic, the deficiency identified in the IEM in relation to Criterion 26.3 was addressed with respect to the insurance sector, but it remains unaddressed in relation to the cooperative sector. With regard to the deficiency of Criterion 26.5, there is no additional information to consider it addressed. Based on the above, it is considered that the rating of Recommendation 26 must be maintained as **Partially Compliant**.

Recommendation 32 – Cash countries (originally rated PC – not re-rated)

22. Dominican Republic's MER established as deficiencies: 1) It is not clear that the Dominican Republic has a cross-border currency and negotiable instruments declaration system as an obligation for cargo and mail transport systems; 2) there is not much information on the co-ordination mechanisms between the DGA, migration authorities and relevant authorities related to the implementation of this Recommendation; 3) In absence of express legislation on this regard, it is not objective certainty that competent authorities have the power to retain or withhold currency or bearer negotiable instruments for a reasonable period of time to find evidence where there is a suspicion of ML/TF or predicate offences, or where there is a false declaration; and 4) It could not be proven that processes established by the Dominican Republic do not restrict trade payments or the freedom of capital movements in relation to a customs declaration.

23. With regard to the deficiencies identified in the MER, the Dominican Republic made reference to the provisions of Law 155-17 (AML / CFT Law). However, this norm was analysed during the process of mutual evaluation contained in the IEM approved in the XXXVII Plenary session of July 2017. As a result, there is no additional information to consider that the deficiencies identified in the Criteria 32.1, 32.7, 32.8 and 32.10 have been addressed. Based on the above, it is considered that the rating of Recommendation 32 should be maintained as **Partially Compliant**.

3.2. Progress on Recommendations that have changed since the adoption of MER

24. Since the adoption of Dominican Republic's MER in July 2018, the FATF amended Recommendation 2, 18 and 21. This section considers the country's compliance with the new requirements.

Recommendation 2 – (originally qualified as C - not re-rated)

25. Dominican Republic obtained a rating of Compliant in R.2. In December 2018, the changes in criteria 2.3 and 2.5 were approved. The analysis of these criteria is presented below.

26. With regard to criteria 2.3, according to Law 155-17, Article 89, CONCLAFIT has a number of functions, including: Coordinating public and private sector efforts to prevent the use of the economic, financial, business, and service system for ML / TF and FPWMD purposes; coordinating the implementation, updating and amendment of the legal framework; creating policies to raise awareness and promote a culture of legality; developing citizen education campaigns on the harmful consequences of ML / TF; promoting mechanisms for inter-agency cooperation between the relevant bodies, among others. This regulatory aspect, together with the agreements entered between different competent authorities and their powers, enable the exchange of information in the cases where it is appropriate. Based on the description above, the new requirement under Criterion 2.3 is considered to be covered by the Dominican law.

27. With regard to criteria 2.5, in addition to the aforementioned, Article 100 of said law empowers the AML / CFT supervisory bodies to cooperate with the other competent authorities in the exchange and analysis of information. Meanwhile, Art 91.6 of the law establishes that the UAF can sign cooperation agreements with national competent authorities for the exchange of information. In addition, the UAF has signed different agreements with national authorities and these establish data protection parameters. Similarly, disseminated intelligence reports contain the safeguards for the use of such information.

28. This information, added to the regulatory framework for data protection in the Dominican Republic, allows us to conclude that there are mechanisms that allow cooperation and coordination between the relevant authorities to ensure the compatibility of AML/CFT requirements with data protection standards. and privacy and other similar provisions. Based on the previously described, it is considered that the new requirement foreseen in Criterion 2.5 is covered by the legislation of the Dominican Republic.

29. Based on the above, it is considered that the new elements of Criterion 2.3 and the new Criterion 2.5 are covered by the Dominican AML/CFT system. Consequently, the rating must be maintained as **Compliant**.

Recommendation 18 – Internal Controls (originally rated PC – Re-rated LC)

30. Dominican Republic's MER established as deficiencies: 1) an independent audit function to test the system is not included in the secondary regulation; 2) financial groups are not required to provide compliance at group-level, audit, and/or AML/CFT functions, along with information about the customer, account, and transaction information from branches and subsidiaries when necessary for AML/CFT purposes; 3) Subsection VI, literal b), page 60 of Circular SIB No. 003/18, establishes the requirement of protocols for obtaining, reviewing and exchanging information, including confidentiality measures and use of the information exchanged, for the cases of compliance programs implemented at a group level. There is no provision for a similar requirement for nonbanking financial institutions; and 4) Financial institutions are not required to ensure that their foreign branches and majority-owned subsidiaries apply AML/CFT measures consistent with the home country requirements, where the minimum AML/CFT requirements of the host country are less strict than those of the home country.

31. With regard to the first deficiency, regarding the insurance sector, by means of Resolution SIS 7/2017, the obligation was established to provide an annual external audit that has the purpose of testing the system. In effect, Art. 17.3 of the Resolution establishes that all obligated parties must anticipate an annual external audit that has the purpose of verifying the effective compliance of the ML/TF prevention procedures and policies. The Article adds that the results must be communicated to the compliance officer and the board of directors. In the event that the latter detects deficiencies in the implementation and compliance with ML/TF prevention policies, it must adopt measures to correct them. When the result of the external audit reveals suspicious transactions in the operation of the obligated party, the auditor or the company is obliged to make the report to the Financial Analysis Unit (UAF) as soon as possible.

32. With respect to the cooperative sector, by means of Regulation No. 001-2017 of IDECOOP, the obligation to have an internal and external audit system was established, in order to test the system to identify possible deficiencies and their solutions. In accordance with Art. 15 of the aforementioned regulation, the obligated subjects whose assets exceed RD \$ 5,000,000 (approximately USD97,000) of gross annual income, must perform internal and external audits, which aim to annually evaluate the effectiveness and the compliance with ML/TF prevention procedures and policies, in order to determine the deficiencies and their possible solutions. The results of the applied audit procedures must be communicated to the compliance officer and the board of directors, and sent to IDECOOP's Risk Supervision Department.

33. Based on the previously described, it is considered that the deficiency indicated in the MER with respect to Criterion 18.1 was completely addressed.

34. With respect to the second deficiency, regarding the securities sector, by means of Art. 41 of the new Regulation R-CNMV-2018-12-MV, the obligation was established for obligated parties of the securities sector to apply the entire AML / CFT program in all its subsidiaries, branches and subsidiaries inside and outside the country. In particular, the aforementioned article provides in its Paragraph I that the obligated parties must adopt a program to prevent and detect ML / TF / FP, which must include as a minimum: the adoption of a prevention manual; an organizational culture aimed at the prevention of ML / TF / FP; ensure the knowledge, adoption and application of the regulations applicable to ML / TF/ FP, as well as the underlying crimes of such activities, by its internal bodies and all its officers and employees; establish disciplinary measures for the imposition of their officials and employees for the lack of application of the policies and procedures or failure to comply with the established mechanisms; and constantly monitor compliance with the policies and procedures adopted on the matter, through periodic internal control evaluations, as well as the verification thereof with external evaluations. Paragraph III, in particular, provides that they must apply their compliance program, including everything related to due

diligence measures in all their subsidiaries, branches and subsidiaries inside and outside the country. In the event that the subsidiary, branch or subsidiary of the regulated party is located outside the country, the required compliance program is considered as a mandatory minimum requirement and does not exempt compliance with other obligations according to the provisions of the country where they are located.

35. With respect to the cooperative sector, cooperative entities cannot be part of financial groups, so this requirement is not applicable; and in what has to do with the insurance sector, the Dominican Republic referred to the scope of Article 34 of Law 155-17, which was analysed during the country's mutual evaluation. As a result, there are no additional elements that allow considering the deficiency related to insurance sectors addressed.

36. With respect to the modification of the Criterion of the Methodology adopted in July 2018:

37. i) Banking, exchange and financial intermediation sector: Ordinal VI, literal b), page 60 of Circular SIB No. 003/18 of January 2018 establishes that the compliance program of financial groups and economic groups should cover the requirement of protocols for obtaining, reviewing and exchanging information, including measures regarding confidentiality and use of the information exchanged and procedures and controls for their consolidation, in terms of evaluation and measurement of the level of exposure to risks, at the level of the group. Such protocols shall include the provision of information about clients, business relationships and transactions of branches and affiliates when necessary for the purposes of ML/FT/FP. Since the regulation refers generically to the provision of information about clients, commercial relationships and transactions, the wording is considered to be unusual or suspicious transactions.

38. ii) Securities sector: Art. 59 of Regulation R-CNMV-2018-12-MV, provides that regulated entities of the securities market that are part of financial and economic groups must develop ML/FT/FP prevention programs, including policies and procedures to exchange information within the group. Regarding the scope of the policies and procedures for exchanging information within the group, added to the provisions of Art 41 of the respective Regulations, it is understood that the provision covers the possibility of exchanging information on unusual or suspicious transactions at the group level.

39. iii) Insurance sector: There is no additional information to conclude that financial groups made up of entities in the insurance sector are required to provide compliance at the group level, audit and / or AML / CFT functions, together with information about the customer, the account and the transaction information of the branches and subsidiaries when necessary for the purposes of AML / CFT.

40. iv) Cooperative sector: Cooperative entities cannot be part of financial groups, so this requirement is not applicable.

41. Based on the previously described, it is considered that the deficiency indicated in the MER with respect to sub-criterion 18.2.b was addressed in relation to the securities market sector. Meanwhile, the deficiency remains with respect to the insurance sector. With respect to the additional elements derived from the modification of the methodology, it is considered that this sub-criterion is addressed in relation to the banking, exchange, financial intermediation and stock market sector. With respect to the insurance sector, there are doubts about whether the new requirements are covered by the regulations.

42. With respect to the third deficiency, for the securities sector, through Art. 42 of Regulation R-CNMV-2018-12-MV, it was established that to carry out the compliance program foreseen by Art. 41 (see previous point), the obligated subjects must have a procedure manual for the prevention of ML / TF / FP. The aforementioned manual should establish policies and procedures for the reporting of information and presentation of complaints by the obligated party, guaranteeing the confidentiality of the information reported (section g), and must have a code of ethics and good conduct, including policies on the management and control of privileged or confidential information.

43. For the cooperative sector, taking into account cooperative entities cannot be part of financial groups, so these requirements are not applicable and in the case of the insurance sector there is no additional information to conclude that this is covered criterion

44. With respect to the modification of the Criterion of the Methodology adopted in July 2018:

45. i) Banking, exchange and financial intermediation sector: Ordinal VI, literal b), page 60 of Circular SIB No. 003/18, establishes that the compliance program of financial groups and economic groups must cover the requirement of protocols for obtaining, reviewing and exchanging information, including measures regarding confidentiality and use of the information exchanged and procedures and controls for its consolidation, in terms of evaluation and measurement of the level of exposure to risks, at the group level. Safeguards on confidentiality and the use of information exchanged, including those to prevent tipping-off, are covered by this provision.

46. ii) Securities sector: Through Art. 42 of Regulation R-CNMV-2018-12-MV, of December 2018, it was established that in order to carry out the compliance program foreseen by Art. 41 (see previous point), the obligated subjects must have a procedure manual for the prevention of ML / TF / FP. The aforementioned manual should establish policies and procedures for the reporting of information and presentation of complaints by the obligated party, guaranteeing the confidentiality of the information reported (section g), and must have a code of ethics and good conduct, including policies on the management and control of privileged or confidential information. On the other hand, Article 54 of the Regulations establishes that the obligated parties, as well as their directors, officers and employees, may not disclose to their clients or third parties the fact that information has been sent to the UAF or the competent authority, or that an operation is being examined on suspicion of being linked to ML/TF/FP. Consequently, safeguards on confidentiality and the use of information exchanged, including those to prevent tipping-off, are covered by these provisions.

47. iii) Cooperative sector: taking into account cooperative entities cannot be part of financial groups, so these requirements are not applicable.

48. iv) Insurance sector: Dominican Republic confirms that the members of the financial groups are not considered in the same situation. Similarly, we have said that insurance is part of a financial group, which are part of the entities of banks and securities, so they would be covered in terms of this requirement. Without prejudice to this, there is no additional information on secondary regulations that would allow concluding that financial groups composed of entities from the insurance sector are required to implement, at the group level, AML/CFT programs that include adequate safeguards on the confidentiality and use of information exchanged, including those to prevent tipping-off.

49. Based on the previously described, it is considered that the deficiency indicated in the MER with respect to this sub-criterion 18.2. c was addressed for the securities market sector, while it persists with

respect to the insurance sector. With respect to the coverage of the new elements of Criterion 18.2.c based on the previously described, it is considered that the new elements of this sub-criterion are addressed in relation to the banking, exchange, financial intermediation and securities markets. With respect to the insurance sector, there are doubts about whether the new requirements are covered by the regulations.

50. Regarding the last deficiency on criterion 18.3, regarding the banking, exchange and financial intermediation sector: By means of Circular SIB No. 003/18, of January 2018, it is established that in the cases of the branches and foreign subsidiaries of majority ownership, the ML / FT and FP prevention measures must be applied in accordance with the requirements of the country of origin, when the requirements of the host country are less stringent, to the extent permitted by laws and regulations of the host country (literal H, paragraph I, p. 61).

51. With respect to the securities sector, by means of Paragraph III of Art. 41 of Regulation R-CNMV-2018-12-MV, of December 2018, it is established that the obligated subjects must apply their compliance program, including everything related to the measures of due diligence, in all its subsidiaries, branches and subsidiaries inside and outside the country. In the event that the subsidiary, branch or subsidiary of the regulated party is located outside the country, the required compliance program is considered as a minimum mandatory requirement and does not exempt compliance with other obligations according to the provisions of the country where they are located.

52. With respect to the cooperative sector, cooperative entities cannot be part of financial groups, so these requirements are not applicable and with respect to the insurance sector, there is no additional information to conclude that this criterion is addressed.

53. Based on the above, it is considered that the deficiency indicated in the MER with respect to this criterion was addressed in relation to the banking, exchange, financial intermediation and stock market sectors. Meanwhile, the deficiency remains with respect to the insurance sector.

54. According to the analysis of the information presented by the Dominican Republic, the deficiencies identified in the MER with respect to criteria 18.1, 18.2 and 18.3 were addressed with respect to the banking, exchange, financial intermediation and securities markets. In as much, the deficiencies subsist with respect to the sector of insurances. With regard to the new elements of sub-criteria b and c, it is considered that they are covered by the regulations applicable to the banking, exchange, financial intermediation and securities markets. Meanwhile, there are doubts about whether these new elements are covered by current legislation applicable to the insurance sector.

55. Based on the foregoing, since the elements of Recommendation 18 are covered by most financial sectors, it is considered that this Recommendation should be re-rated to **Largely Compliant**.

Recommendation 21 – Tipping off and confidentiality (originally rated LC – not re-rated)

56. Dominican Republic obtained a rating of Largely Compliant in R.21. In December 2018, the change of criterion 21.2 was approved. The analysis of this criterion is presented below.

57. With respect to criterion 21.2, the regulation in force in the Dominican Republic established in Art. 63 of Law 155-17 establishes that the obligated parties, as well as their directors, officers and employees, may not disclose to third parties the fact that information has been submitted to the UAF or

competent authority, or that an operation is being examined on suspicion of being linked to the ML or FT. Likewise, Art. 4 provides that the employee, executive, official, director or other authorized representative of the obligated subjects that reveals to their clients, suppliers, users or third parties not authorized by law, the ROS or other related information delivered to the UAF, will be sanctioned with a penalty of 2 to 5 years of imprisonment, fine and permanent disqualification to perform functions, provide advice or be hired by public entities or financial intermediation entities, and participants of the securities market.

58. Based on the analysis above, it is considered that the term "third parties" provided in the law applies to members of financial groups, whether domestic or international, for which reason they are excluded from the non-disclosure provision.

59. In this way, it is concluded that the requirements of Criterion 21.2 in fine, in that this provision should not inhibit the exchange of information provided by R. 18, are sufficiently covered. However, the relative deficiency remains that the rule does not limit the exemption from liability to cases in which the reports are made in good faith. Consequently, it is understood that Recommendation 21 should be maintained as **Largely Compliant**.

IV. CONCLUSION

60. In general, Dominican Republic has been making important progress in relation to addressing the technical compliance deficiencies identified in its MER and has been re-rated in relation to Recommendation 18 to Largely Compliant.

61. In general, based on the progress made by Dominican Republic since the adoption of its MER, its technical compliance with FATF Recommendations was re-rated as follows:

Table 2. Technical compliance ratings, July 2019.

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
LC	C	C	C	C	LC	LC	PC	C	LC
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
LC	LC	C	PC	C	LC	LC	LC	PC	C
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
LC	LC	C	LC	LC	PC	C	LC	C	LC
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
LC	PC	C	LC	C	C	LC	LC	PC	LC

Note: There are four possible levels of technical compliance: Compliant (C), Largely Compliant (LC), Partially Compliant (PC) and Non-Compliant (NC).

62. Dominican Republic will continue in the enhanced follow-up process and will continue to report to GAFILAT on the progress made to strengthen its implementation of AML/CFT measures.