



# First Enhanced Follow Up Report and First Technical Compliance Re-Rating Report of Bolivia



January 2025

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Cover photo: Salar de Uyuni

## BOLIVIA: ENHANCED FOLLOW UP REPORT – RE-RATING REPORT

### I. INTRODUCTION

1. In accordance with GAFILAT's Fourth Round procedures, Bolivia's Mutual Evaluation Report (MER) was adopted in December 2023. This follow-up report analyses the progress made by Bolivia in addressing the technical compliance deficiencies identified in its MER. New ratings are granted when sufficient progress is observed. Overall, the expectation is that countries have addressed most, if not all, technical compliance deficiencies before the end of the third year since the adoption of their MER. This report does not address Bolivia's progress in improving its effectiveness. Based on the above procedures, this report concludes the enhanced follow-up of Bolivia for the fourth round.

### II. FINDINGS OF THE MUTUAL EVALUATION REPORT

2. In relation to Technical Compliance, the MER and subsequent re-qualifications indicate that Bolivia was rated as follows:

**Table 1. Technical Compliance Ratings, December 2023**

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

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

Sources: i) Mutual Evaluation Report of Bolivia: <https://biblioteca.gafilat.org/wp-content/uploads/2024/07/IEM-Bolivia.pdf>

3. Considering the results reflected in the MER, GAFILAT placed Bolivia under the enhanced follow-up process.<sup>1</sup> The re-rating request was submitted and was filed with necessary supporting documents within the terms provided for in the procedures.

4. Based on the above, and in accordance with current GAFILAT procedures, a group of evaluators from the GAFILAT Expert Group (GEG) pool was appointed to carry out the analysis and prepare this report. The assessment was carried out by Ruth Aída Molina Rendón (Professional I of the International and Interinstitutional Relations Area of the Technical, Analytical and International Department of the Special Verification Intendancy of Guatemala), María Silvia Suárez (Inspection Lawyer in the Inspection Management of the National Institute of Associations and Social Economy of Argentina) and Enzo Paolo Paredes Castañeda (Liaison and Cooperation

<sup>1</sup> 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 intensive monitoring process.

Coordinator of the Prevention, Liaison and Cooperation Department of the FIU, Superintendency of Banking, Insurance and PFM of Peru). The process was conducted under the coordination and support of Juan Cruz Ponce, Deputy Executive Secretary of GAFILAT, Guillermo Hernández, Technical Expert of the GAFILAT Executive Secretariat, and Mónica Ayala De Paz, seconded expert (from El Salvador) to the GAFILAT Secretariat.

5. Section III of this report summarises the progress made by Bolivia in improving technical compliance with Recommendations 6, 13, 22, 23, 24 and 28, which are the subject of this re-rating report. Section IV presents the conclusion and a table showing which Recommendations were re-rated.

### III. OVERVIEW OF THE PROGRESS MADE TO IMPROVE TECHNICAL COMPLIANCE

6. This section summarises Bolivia's progress in improving its technical compliance by addressing the technical compliance deficiencies identified in the MER.

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

7. Bolivia has made progress in addressing its technical compliance deficiencies identified in the MER in relation to the following Recommendations:

- Recommendation 6, currently rated PC; an upgrade to LC is proposed;
- Recommendation 13, currently rated PC; an upgrade to LC is proposed;
- Recommendation 22, currently rated PC, an upgrade to C is proposed;
- Recommendation 23, currently rated PC; an upgrade to LC is proposed;
- Recommendation 24, currently rated PC; keeping the PC rating is proposed, and;
- Recommendation 28, currently rated PC, an upgrade to C is proposed.

#### ***Recommendation 6 – Targeted financial sanctions related to terrorism and terrorist financing (rated PC - Re-rated LC)***

##### Criterion 6.1

##### **I) Analysis:**

8. The 2023 MER identified as a deficiency under this criterion that there was no specific legislation or regulation governing the mechanism for identifying and designating terrorists and terrorist groups under UNSCR 1267 and its successors, as well as UNSCR 1373.

##### **a)**

9. The Financial Investigations Unit (FIU) is the body responsible for regulating the ML/TF regime and for proposing designations to the UN Security Council under the regimes of UNSCR 1267/1989 and 1988 and their successors. The FIU's "Regulations on Procedures for the Implementation of Measures Pursuant to UNSCR 1267 and its Successors and 1373", approved by FIU Resolution 31/2024 on 4 July 2024 and in force since its publication, provide that the proposal for designation should be forwarded to the Ministry of Foreign Affairs (MRE), together with the standard listing form, for transmission and diplomatic request to the relevant UNSCR committees.

10. According to art. 4 of Law 465, Law on the Foreign Relations Service of the Plurinational State of Bolivia, the MRE is the official and formal channel of communication of the Plurinational State of Bolivia and therefore has the authority to forward this designation to the UN Security Council.

**b)**

11. The country has enacted the FIU Regulations, articles 3, 4 and 7 of which provide for the establishment and operational mechanism of the Committee for Designation and Removal from Domestic and United Nations Security Council Lists (hereinafter CODELIN), formed within the FIU by the different directors of its departments, which by means of a technical report, shall recommend to the Executive Directorate General (DGE) of the FIU the designation in the national list and, where appropriate, the proposal for designation to the relevant UNSC Sanctions Committee, of persons or entities involved in the financing of, or otherwise supporting, acts or activities of Al-Qaida or the Taliban, and of any entity owned or controlled, directly or indirectly, by a designated person or entity. According to the measures taken by the country, the deficiencies in the MER are being addressed as the country has a mechanism in place to identify the recipients of terrorist and terrorist group designations under UNSCR 1267 and its successors.

**c)**

12. With the approval of the FIU Regulations, the powers of creation of CODELIN are established in accordance with art. 3, paragraph d.

13. Similarly, the FIU Regulations provide that CODELIN shall prepare a technical report and make an assessment of the elements on reasonable grounds or bases and recommend, by means of a technical report, the designation of natural or legal persons, or entities to the domestic list. Furthermore, on the basis of art. 8, if, as a result of the designation provided for in art. 6 (based on UNSCR 1373), links are found or the criteria for proposing the designation to the UN Security Council are met, the technical report based on reasonable grounds and bases shall also recommend the designation to the competent Sanctions Committees. The procedure does not indicate that the entity or person should be subject to criminal proceedings for the purposes of the designation. In view of the above, in line with the measures taken, the country has addressed the deficiencies in the MER.

**d)**

14. In accordance with the provisions of the second paragraph of art. 8 of the FIU Regulations, the administrative decision proposing the designation is sent to the MRE together with the standard listing form. In addition, the "Protocol for Inter-Agency Action for Compliance with the Measures Provided for by the United Nations Security Council Resolutions on Terrorism, Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction" was signed in December 2002, which provides for the MRE to be informed when a freezing order is implemented, in order to inform the UN Security Council.

15. However, it was not possible to analyse the specific procedures to be followed by the MRE for the diplomatic transmission and request to the relevant UNSCR committees, as the specific regulations for this purpose were not yet in force at the time of writing this report, which is considered a minor deficiency.

**e)**

16. Art. 2 of the FIU Regulations specifies that the minimum information to be included in the Domestic List shall include at least the following: full name, alias, title or position, date and place of birth, nationality, identification number, address and date of appointment, as well as any other relevant additional data or information. Art. 8 indicates that the administrative resolution containing the designation proposal to be sent to the MRE shall include the appropriate form.

17. However, it is not clear from the FIU Regulations that the administrative decision issued by the FIU and forwarded to the MRE for the designation proposal contains a statement of the case, nor is it clear what the criteria will be for determining whether the status of designating or proposing State can be reported to the 1267/1989 Committee. Finally, although the MRE has yet to regulate the procedures it will follow for the diplomatic transmission and request to the relevant UNSCR committees, this is not seen as an obstacle to the delivery of these designations.

## II) Conclusion:

18. Bolivia has elements that allow it to meet most of this criterion, as the FIU is the authority with the power to make designations, has identification mechanisms, applies a 'reasonable grounds or basis' assessment, and provides the most relevant information. It is important to note that the specific procedures and mechanisms for notifying or proposing designations to the UN Security Council through the MRE had not yet entered into force at the time of the analysis, in addition to the fact that minor deficiencies remain. However, most of the requirements of the criterion have been met by the country.

19. On the basis of the above, criterion 6.1 is **mostly met**.

## Criterion 6.2

20. The 2023 MER noted that the country has no specific legislation or regulations governing the mechanism for identifying and designating persons and entities under UNSCR 1373.

### I) Analysis:

#### a)

21. Based on the FIU Regulations and the powers of CODELIN, it will plan, search and process information received on persons or entities linked to TF or related offences, request and collect information from different institutions, analyse and evaluate communications from competent authorities, prepare the technical report on the basis of reasonable grounds or bases recommending designation on the domestic list, within the framework of the UNSCR, which includes the scope of application of Resolution 1373. Requests from other countries may be received by the MRE, which, on the basis of the powers provided for in art. 4 of Law 262 of July 2012, it will evaluate them without delay and forward them to the FIU and the examining magistrate in criminal matters on duty for their attention. The FIU orders the freezing within a maximum of one working day and notifies the REs by means of an administrative decision.

22. Therefore, these measures are considered to meet the requirement of the sub-criterion.

#### b)

23. Art. 5 of the FIU Regulations states that the criteria for designation include any natural person, legal person and/or entity that: (a) commits, attempts to commit, participates in or facilitates the commission of terrorist acts; (b) is owned or controlled, directly or indirectly, by a designated person or entity; and; (c) acts on behalf of or at the direction of a designated person or entity.

24. Whereas Art. 2, item b) and Art. 4 paragraph II of Law 262 empower the MRE to receive a country's request and forward it to the FIU, it does not provide the procedures or mechanisms to



review and, if necessary, enforce actions initiated under Resolution 1373. As there is no specific mechanism in the MRE (MRE Regulations) for the receipt of the proposal and identification of the addressees of the designation, but taking into account the procedure for receipt, analysis and referral to the FIU established in the legal framework, the sub-criterion is mostly met.

c)

25. Art. 4, paragraph II of Law 262 empowers the MRE to receive a request from a country, immediately analyse it to ensure that it is covered by the legal principles of the country and forward it to the FIU, which has one working day to analyse it. Although it has not been possible to analyse the MRE Regulations, which detail the mechanism and procedure, it is considered that the provisions of the aforementioned article of Law 262, as well as the analysis 'without delay' and 'within one working day', in addition to the reception procedure developed in the Executive Instructions GM-Ins-23/2023 issued by the Maximum Executive Authority of the MRE, which meet the speed requirement of the criterion. On the basis of the above, the sub-criterion is met.

d)

26. To complete the analysis, reference is made to the analysis of sub-criterion c), since the procedure is carried out by the MRE, which receives the request and immediately verifies that it complies with the applicable legal principles based on international conventions and treaties (art. 4 II. a) Law 262). However, neither this provision nor the Performance Protocol as defined in the 2023 MER mentions the specific aspects to be analysed in order to accept the third country's application under the above sub-criterion.

27. However, art. 6 of the FIU Regulations establishes the procedure to be followed by CODELIN in order to analyse the proposal for designation to the domestic list and, if applicable, to the competent UNSC Sanctions Committee, for which purpose it prepares a technical report containing the identification profile. CODELIN will analyse the information received and decide, on the basis of reasonable grounds, whether the natural or legal person and/or entity is deemed to meet the criteria of the UNSCRs to be recommended for designation on the domestic list. With the adoption of these measures, the country is considered to have addressed the deficiencies originally identified.

e)

28. The FIU Regulations specify in art. 2 the information that can be included in the domestic list, which appears to be sufficiently complete, with the flexibility to include, as a last element, "other information considered relevant"; likewise, art. 6 of the same Regulations stipulates that the administrative decision shall be communicated, among others, to the MRE for transmission to the corresponding countries. However, there are no specific provisions in force indicating the procedure or mechanism to be followed through the MRE in order to request a third country to implement designations made on the basis of UNSCR 1373. Therefore, the sub-criterion is partly met.

## II) Conclusion:

29. With regard to designations under UNSCR 1373, Bolivia has implemented elements necessary to comply with this criterion, such as empowering the FIU as the competent authority to propose designations under UNSCR 1373, identifying and proposing reasonable grounds or bases, and providing information for the designation. These elements cover most of the requirements of the criterion. However, there is a lack of specific regulations or procedures governing the mechanisms for notifying the UN Security Council or countries that are requested to implement sanctions based on designations made by Bolivia, although this deficiency is of a

minor nature given that the central and material requirements of the criterion were covered. Based on the above, the criterion is **mostly met**.

### Criterion 6.3

30. The 2023 MER found that the country had no relevant regulations or mechanisms in place to identify and designate persons and entities that could meet the criteria for designation under the relevant UNSCRs.

#### I) Analysis:

##### a)

31. The country has demonstrated progress in this area by adopting the FIU Regulations through FIU Resolution 31/2024, which provides for the establishment of CODELIN, its structure and procedures. Among the functions set out in art. 3 of the Regulations, CODELIN plans, searches, receives, processes, requests and collects information from various public and/or private institutions, which it analyses in order to draw up a technical report recommending the designation to the Executive Directorate General of the FIU for inclusion in the domestic list and, if appropriate, for designation to the Sanctions Committees of the UN Security Council.

##### b)

32. The FIU Regulations provide that CODELIN may act *ex parte* with respect to persons or entities it intends to designate for the purpose of collecting, requesting and analysing information. Accordingly, the country is considered to be addressing the identified deficiencies.

#### II) Conclusion:

33. With the implementation of the FIU Regulations and the powers it gives to CODELIN to recommend designations to the domestic list, as well as its ability to act *ex parte*, it is considered that Bolivia has addressed the deficiencies in the MER and therefore **meets** criterion 6.3.

### Criterion 6.4

#### I) Analysis:

34. FIU Resolution 25/2023 was amended by FIU Resolution 78/2023 to designate as REs all persons and entities engaged in designated non-financial businesses and professions (DNFBPs), thereby removing the limitation of "large taxpayers" that had been identified as a deficiency in the MER. Notaries are not included as they have a sector specific STR instruction and manual, as does the precious metals and stones sector, which was not previously included. This addresses the deficiencies in the original scope of the DNFBPs. For more information, see the discussion of Recommendations 22, 23 and 28 in this report. As a result, there is a regulatory system in the country that allows for the application of TFS without delay by financial institutions and DNFBPs.

35. With regard to virtual asset service providers (VASPs), as a result of the lifting of the ban on the use of virtual assets (VA) in the financial intermediation sector, as directed by Board Resolution 082/2024, VA and VASP-related transactions may be conducted. In this respect, it could not be confirmed that the VASPs had been included as REs in accordance with Recommendation 15 or that there were instructions to the VASPs to implement the TFS without delay. It is important to note that the financial system institutions apply the controls for the



implementation of TFS and that the materiality of the VA and VASP sector is relatively low, so the deficiency is considered minor.

## II) Conclusion:

36. By including all DNFBPs in the standard, the country has made a significant effort to address the scope deficiencies identified in the criterion and the existence of a regulatory framework that allows the application of TF TFS by financial institutions and DNFBPs without delay is highlighted. However, the removal of the restriction on VA and VASP, which have not yet been incorporated as reporting entities, transactions is another minor deficiency in scope, although this is mitigated by the low relative importance of the sector and the controls in the financial system, which does not allow full compliance with the criterion. On the basis of the above, criterion 6.4 is **mostly met**.

### Criterion 6.5

37. According to the analysis carried out in the 2023 MER, the obligation to implement the TFS did not extend to all natural and legal persons in the country. In addition, the lack of scope in relation to REs also had an impact on the fulfilment of this criterion, as it did not cover all categories of REs required by the standards.

#### I) Analysis:

##### a)

38. The country has taken steps to address the deficiency related to the previous lack of general prohibition required by this criterion. Art. 17 of the FIU Regulations states that the General Executive Directorate of the FIU shall issue a notice, published in a national mass media, announcing the links of the Domestic List and the Consolidated List of the UN Security Council, as well as the prohibition to perform any act, transaction or service with the designated natural or legal persons and/or entities, which in practice covers the required elements of TFS. According to the country, non-compliance with this prohibition could be subject to criminal sanctions, such as “disobedience to authority”, as provided for in art. 160 of the Criminal Code, as well as the offence of terrorist financing covered under Art. 133 Bis of the aforementioned Code.

39. However, at the time of the analysis, this communication, by means of which the general prohibition referred to in art. 17 of the Regulations are disseminated, had not yet been issued - although it was issued after the cut-off date foreseen in the re-rating procedure-.<sup>2</sup>

40. As far as REs are concerned, FIU Resolution UIF/78/2023 addresses most of the scope deficiencies in relation to DNFBPs. With regard to notaries and dealers in precious metals and stones, they have specific instructions in their sectors, which also cover the requirements of the sub-criterion. Regarding the VASPs, Board Resolution 3082/2024 by the Central Bank of Bolivia ordered the lifting of the prohibition on the use of VASPs in the financial intermediation sector, whose entities apply controls for the implementation of TFS. However, the inclusion of VASPs as

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<sup>2</sup> The country provided the expert team with a copy of the first communication issued and published in the FIU website on October 2024, which included the links to the updates and reiterated that the prohibition on conducting operations or transactions with entities or persons on these lists should be observed by any natural or legal person. The communication was not analysed as it was not issued within the time limit set by GAFILAT's monitoring procedures.

reporting entities under R.15 has not been identified. However, materiality is relatively low and the general prohibition largely mitigates this circumstance. Consequently, it is considered a minor deficiency. On the basis of the above, the sub-criterion is mostly met.

**b)**

41. As stated in the MER 2023, this sub-criterion is addressed in art. 3 of Law 262/2012 and in arts. 7 and 8 of DS 4906/23. As these rules have not changed, the analysis in the MER is maintained.

**c)**

42. Art. 17 of the FIU Regulations states that the DGE of the FIU shall issue a notice, published in a national mass media, announcing the links of the Domestic List and the Consolidated List of the UN Security Council, as well as the prohibition to perform any act, transaction or service with the natural or legal persons and/or entities in the lists. In addition, FIU Resolution UIF/78/2023 addresses most of the scope deficiencies related to non-financial REs.

43. However, art. 17 of the Regulations does not appear to cover entities owned or controlled, directly or indirectly, by designated persons or entities, or entities acting on behalf or at the direction of designated persons or entities, nor does it appear to cover the exemptions from licensing or authorisation under the relevant UNSCR.

**d)**

44. According to the MER, the requirement of the sub-criterion is considered met. The country reports that the legislation has not changed, so the analysis in the report remains valid.

**e)**

45. The country has made changes to the specific instructions for DNFBPs, including deleting the term “companies” and replacing it with “persons”, which should include both natural and legal persons. In addition, a paragraph II has been added, removing the limitation to large taxpayers. In addition, specific compliance regulations and instructions for dealers in precious stones and metals have been approved by FIU Resolution 29/2024.

46. It should be noted that there is an exception in paragraph III, which states that notaries are exempt from the requirement, due to the fact that they already have their own reporting instructions and manual. Given that this criterion covers FIs and DNFBPs, it covers the scope deficiencies identified in the MER.

**f)**

47. In terms of the MER, the requirement is considered to be met and therefore the assigned rating is maintained as these provisions remain in force.

## **II) Conclusion:**

48. Bolivia has put in place mechanisms to implement the TFS without delay, with the FIU as the authority responsible for monitoring and enforcing compliance. Mechanisms have been put in place to disseminate the lists of persons and entities and to apply a general prohibition to the population and entities in the country to provide funds or other assets to those listed in the sanctions. Consequently, the most material aspects of the criterion are covered. In turn, some minor deficiencies have been identified, as regards the scope of the generalised prohibition on providing to persons or entities acting under the direction or control of designated persons or

entities, and the lack of inclusion of VASPs as REs, although the latter is considered to be largely mitigated by the measures adopted by the country.

49. On the basis of the above, the measures taken by Bolivia to address the deficiencies contribute to the fact that criterion 6.5 is mostly met.

### Criterion 6.6

#### I) Analysis:

##### a)

50. Arts. 9 and 10 of the FIU Regulations set out the criteria to be followed by CODELIN for delisting, as well as the procedure to be followed once it has been established that the natural or legal person and/or entity no longer meets the criteria for designation, which includes the preparation of a technical report and a recommendation to the DGE for delisting. It is important to note that the FIU indicates on its website<sup>3</sup> that in the case of a legal or natural person and/or entity subject to sanctions, the affected person should contact either the FIU, the judicial body or directly the UNSC through the Focal Point or the Office of the Ombudsperson; therefore, the procedure is considered to be disseminated and publicly known.

51. However, it was not possible to identify any procedure or mechanism for dealing with this situation, the only means being a general form for contacting the FIU to deal with enquiries. Given that the procedures are in place, that they are public knowledge and that the communication channel is in place, this is a minor deficiency.

##### b)

52. Arts. 9 and 10 of the FIU Regulations set out the criteria to be followed by CODELIN for delisting and unfreezing, stating that from the review of the delisting criteria, an analysis will be made for the preparation of a technical report recommending the delisting of the interested party, in accordance with paragraph I of art. 10. However, there are no discernible mechanisms by which the FIU and CODELIN can obtain information on the delisting of foreign countries, except in cases where these countries request delisting.

##### c)

53. According to art. 9 of the FIU Regulations, the exclusion criteria to be observed by CODELIN include: a) the death of the designated natural person; b) a person or entity who, according to reasonable grounds, elements of conviction and evidence, has been dissociated as a terrorist, as part of a terrorist organisation, or an organisation that may have participated in the financing or perpetration of one or more terrorist acts; or c) when CODELIN becomes aware of an acquittal that supports non-criminal responsibility for acts of TF and/or related crimes.

54. Art. 10, para. II of the same Regulations provides only for the case of homonymy and not for any other review of a possible delisting for other reasons. Similarly, none of the articles of the FIU Regulations specify the mechanism, authority, specific form or other information that should be known for the purpose of initiating and requesting a review process in the event of designation by CODELIN; the assumption that other countries make the request is contained in art. 5 of Supreme Decree 1553, which is relevant for the purposes of designations made when the freezing is "at the request of a country within the framework of international judicial and administrative

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<sup>3</sup> <https://www.uif.gob.bo/Otras%20preguntas%20frecuentes/>

cooperation”, so it is not entirely clear that the procedure is the same in the case of a domestic designation.

*d)*

55. The MER considers that the requirement of the sub-criterion has been met and the rating awarded is maintained. In addition, the FIU has published a “More Information” section on its website, where it is possible to consult, inter alia, what to do in the case of persons affected by the freezing measures in three cases: homonymity, access to frozen funds or access to the Focal Point or the Office of the UN Ombudsperson.

*e)*

56. The analysis of this sub-criterion under the 2023 MER remains unchanged as the legal framework has not changed and it has been confirmed that the situation reported in the MER remains unchanged.

*f)*

57. In addition to what has been previously analysed in the MER, as well as what is established in the FIU website for the review in cases of homonymity, the FIU Regulations, in art. 10, paragraph II, establish that if it is proven by any means that the natural or legal person and/or entity has been affected by homonymity, the administrative resolution that implies the removal from the domestic list shall be analysed and forwarded.

58. However, it is not clear what channel, requirements or communication mechanism is in place for the person concerned to submit a request for unfreezing or access to the competent authorities; general information as well as a general query box has been published on the FIU website, but it is not entirely clear that this is the means to submit a request for delisting on the grounds of homonymity. In this sense, the criterion remains mostly met.

*g)*

59. The analysis of the MER is maintained as the country reports that there have been no changes in legislation that would affect compliance with this criterion.

## II) Conclusion:

60. The country has put in place measures to address the deficiencies identified in the MER, including mechanisms and criteria for the review and removal of persons and/or entities with a domestic designation, and the central elements of the criterion have therefore been addressed. However, there are still some minor deficiencies, since these procedures do not appear to cover all cases of removal, although they do cover those that could be considered the most common, and the means by which these requests are made is not entirely clear, although the authorities have indicated that this can be done through a contact box that is generic to other communications from the public to the FIU.

61. Therefore, the country has covered most of the elements of the criterion, and the deficiencies identified above are considered to be of a minor nature as they do not constitute an obstacle to the fulfilment of the requirements, so that criterion 6.6 is **mostly met**.

## Criterion 6.7

### I) Analysis:

62. As stated in the 2023 MER, this criterion is contained in art. 6, paragraphs I and II of DS 1553 and 4906, which set out the procedure for authorising access to frozen funds or assets deemed necessary for basic and other exceptional expenses in accordance with the provisions of UNSCR 1452.

63. In addition, the country made significant progress with the adoption of the FIU Regulations (FIU Resolution/31/2024), which in its art. 11 states that the person affected by the measure of freezing funds and other assets may request the competent authority to unfreeze funds necessary to cover duly justified basic expenses, based on the same procedure of DS 1553.

## II) Conclusion:

64. The assumptions of the analysed criterion are covered by the current regulations. In this sense, criterion 6.7 is **met**.

## General conclusion on Recommendation 6

65. Bolivia has made significant progress in adopting regulations to implement the TFS without delay, including laws, Supreme Decrees, Biministerial Decrees and administrative resolutions of the FIU, which constitute the procedural regime or mechanisms for authorities and REs to identify, designate, freeze, exclude, unfreeze and grant access to funds. These advances achieved by the country satisfactorily cover most of the requirements of the Recommendation.

66. Notwithstanding the progress indicated, minor deficiencies are noted, such as the fact that the MRE does not have specific provisions for diplomatic transmissions and requests to UNSCR committees, in line with the FIU Regulations. In addition, although the Regulation indicates that it imposes a general prohibition on the public to comply with the TFS, at the time of the analysis, the Communication implementing such a prohibition had not yet been issued. Nor have specific mechanisms been identified that are entirely clear in terms of exclusion or access to funds for the subjects of a CODELIN domestic designation.

67. Notwithstanding, the above deficiencies are minor, both individually and collectively, and it is therefore proposed to re-rate Recommendation 6 as **Largely Compliant**.

## Recommendation 13 – Correspondent banking (rated PC – Re-rated LC)

### Criterion 13.1

68. The 2023 MER noted that intermediaries in the Bolivian financial system are not the only ones that could establish correspondent relationships, as money transfer and remittance companies could also establish correspondent relationships without being covered by the current regulation.

## I) Analysis:

### a)

69. Administrative Resolution FIU/30/2024 of 28 June 2024 approved the amendment to Article 51 'Foreign Correspondent' of the Special Instructions for Money Transmission and Remittance Businesses with a Risk-Based Approach (RBA) applicable to money transmission and remittance businesses. This amendment indicates that relevant information or data should be

collected to identify and verify the reputation of the correspondent, as well as to ensure that it is regulated, thus addressing important aspects required by Recommendation 13. Notwithstanding the foregoing, it cannot be clearly appreciated the instruction to determine the quality of supervision or whether it has been the subject of an ML/TF investigation or regulatory action, nor does it appear to clearly and explicitly include information on the full nature of the business of the recipient. However, since these aspects could to some extent be covered by the verification required by the standard, they are considered a minor deficiency.

**b)**

70. Art. 51 of the Instructions applicable to money remittance and transfer companies, as amended in June 2024, mentions in paragraph b) that the AML/CFT/CFP controls implemented by the entity with which the correspondent is to be established must be evaluated. This covers the deficiency identified in the MER.

**c)**

71. The amendment to art. 51 of the Instructions for money remittance and transfer companies states in paragraph c) that REs entering into a relationship with a correspondent abroad must obtain the approval of the board of directors or equivalent body or senior management before establishing the relationship with the correspondent; this covers the requirement of the sub-criterion.

**d)**

72. Art. 51 of the Instructions for money remittance and transfer companies mentions in paragraph d) that the necessary measures must be taken to clearly understand the ML/TF/PF control responsibilities and those of the correspondent within the framework of the relationship; this covers the requirement of the sub-criterion.

**II) Conclusion:**

73. The country has made significant regulatory efforts and covered the most material elements of the criterion. Notwithstanding the foregoing, it is considered that the requirements do not clearly establish the need to know the nature of the correspondent's business, which is a minor deficiency as the need to know its reputation and to establish that it is regulated/supervised for AML/CFT purposes is covered. In this sense, criterion 13.1 is **mostly met**.

**Criterion 13.2**

74. The 2023 MER notes that it is not clear that the remittance sector is covered by the requirements of the criterion to conduct CDD and provide information on request, as is the banking sector.

**I) Analysis:**

**a)**

75. The aforementioned art. 51 reproduces the requirements of sub-criteria a and b in almost the same terms as those set out in the Assessment Methodology by means of paragraph V of art. 51, which states that for payable-through accounts, REs should ensure that the foreign correspondent has carried out CDD on customers who have access to the foreign correspondent's account and that it is able to provide the information on request.



b)

76. As mentioned in the analysis of the previous sub-criterion, paragraph V of art. 51 of the Instructions, as amended in June 2024, states that for “foreign payable-through accounts”, REs must ensure that the foreign correspondent has carried out CDD on customers and is able to provide the information on request.

## II) Conclusion:

77. Paragraph V of art. 51 of the Special Instructions for the Money Transfer and Remittance Services Sector meets the requirements of criterion 13.2 and is therefore considered **met**.

### Criterion 13.3

#### I) Analysis:

78. The 2023 MER notes that there is no obligation not to establish or maintain relationships with shell banks for the remittance sector. In this respect, the amendment to art. 51 of the specific instructions for money remittance and transfer companies, a paragraph VI has been added, which stipulates that the RE may not establish or maintain correspondent relationships with shell banks or financial institutions and that it must take the necessary measures to ensure that correspondent accounts are not used by shell banks or financial institutions. In this sense, the addition of paragraph VI meets the requirements established by the criterion. Therefore, Criterion 13.3 is met for the remittances sector, thus addressing the deficiency identified in the MER.

#### II) Conclusion:

79. With the amendment to the relevant sectoral guidance, Criterion 13.2 is **met**.

### General conclusion on Recommendation 13

80. Bolivia has taken steps to overcome the shortcomings of the MER. In particular, the country has established the preventive framework for correspondent banking through FIU administrative resolutions FIU/42/2022 for FIs and FIU/30/2024 for money remittance and transfer companies; and covered the requirements to obtain relevant information or data to identify and verify the reputation of the correspondent and to ensure that it is regulated; to assess the AML/CFT/CFP controls in place and that both institutions understand their ML/TF/PF responsibilities. Additionally, with respect to payable-through accounts in other locations, it is required to ensure that the foreign correspondent has conducted CDD on customers who have direct access to accounts and is able to provide such information upon request.

81. Notwithstanding the above, minor deficiencies have been identified in criterion 13.1, such as the absence of a requirement to determine the quality of supervision or whether it has been the subject of an ML/TF investigation or regulatory action.

82. In view of the above, it is proposed that Recommendation 13 be re-rated as **Largely Compliant**.

## **Recommendation 22 – Designated non-financial Businesses and Professions (DNFBPs): Customer Due Diligence (rated PC – Re-rated C)**

### **Criterion 22.1**

#### **I) Analysis:**

##### **a)**

83. In the 2023 MER, the requirement of the sub-criterion is considered to be met. Accordingly, the rating is maintained as the country reports that the relevant legislation has not been amended.

##### **b)**

84. The 2023 MER noted that the REs covered are only large taxpayers, in line with art. 4 of the FIU Instructions, which excludes certain participants that should have the same obligations under this Recommendation and those applicable to DNFBPs.

85. Bolivia reported on the amendment of the FIU Instruction by FIU Resolution FIU/78/2023. The Resolution provides for the extension of the scope to all DNFBPs as REs, including without limitation the entire real estate sector<sup>4</sup>. In this respect, the country has addressed the identified deficiency.

##### **c)**

86. In the 2023 MER, the country's failure to count dealers in precious metals and stones as REs was identified as a deficiency under this criterion. The country issued the "Special Instructions for DNFBPs with RBA against the ML/TF/FPWMD of CMYPP", approved by FIU Resolution 29/2024 of 28 June 2024. In accordance with the Instructions, dealers in precious metals and stones are designated as REs in order to address the deficiencies identified.

##### **d)**

87. The definition of REs that covered only large taxpayers, which was a deficiency identified in the MER. In order to address this situation, FIU Resolution/78/2023 removed the reference to "large taxpayers", so that this extension covers the entire sector of lawyers and accountants, as well as all persons engaged in DNFBP activities, and the deficiency in the MER was overcome.

##### **e)**

88. The MER rated this sub-criterion as met. As the country reports that the relevant legislation has not been amended, the rating is maintained.

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<sup>4</sup> This restriction is eliminated through the modification of Resolution One of RA No. UIF/25/2023 to be drafted as follows: "TO DESIGNATE as Regulated Entities before the Financial Investigations Unit - FIU the persons who carry out the Designated Non-Financial Businesses and Professions - DNFBPs, immersed in the scope of the Specific Instructions for Designated Non-Financial Businesses and Professions - DNFBPs, with an approach based on Risk Management against Money Laundering, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction"; Likewise, a paragraph II was included stating "Within the framework of progressive implementation, all DNFBPs not indicated in paragraph I of this article are included in these instructions, in accordance with the adaptation schedule established by the FIU." In accordance with the above, it is identified that the restriction related to large taxpayers has been eliminated.

## II) Conclusion:

89. Bolivia has made significant efforts by extending the scope of all DNFBPs as REs under FIU Resolution 78/2023. As a result of this extension, all DNFBPs, and not only those that qualify as “large taxpayers”, are obliged to comply with the implementation of customer due diligence and monitoring measures as set out in articles 24 to 30 of the FIU Instruction approved by resolution FIU/25/2023 and articles 31 to 37 of the Instruction approved by FIU Resolution 29/2024.

90. In this sense, criterion 22.1 is **met**.

### Criterion 22.2

#### I) Analysis:

91. The 2023 MER noted that, notwithstanding the fact that real estate companies, accountants and lawyers must comply with record keeping obligations, it should be noted that only large taxpayers are considered REs, which leaves out certain participants who must comply with the requirements. In addition, dealers in precious metals and stones were not included as REs and therefore did not meet the obligations set out in this criterion.

92. By FIU Resolutions UIF/78/2023 and UIF/29/2024, the country extended the scope of all DNFBPs by removing the reference to “large taxpayers” as REs and by designating the dealers in precious metals and stones sector as REs.

#### II) Conclusion:

93. In line with the changes made by the country, the deficiencies identified in the MER are being addressed. All DNFBPs must comply with the record-keeping requirements set out in Recommendation 11. Furthermore, in accordance with the provisions of art. 36 of the FIU Instructions 78/2023, art. 45 of FIU Instruction 29/2024 and art. 18 of DS 4904/23, they are obliged to keep all the necessary records of transactions, the corresponding forms with supporting documents and to submit all the information generated to the FIU. In this sense, criterion 22.2 is **met**.

### Criterion 22.3

#### I) Analysis:

94. The 2023 MER identified deficiencies in the application of the PEP requirements to real estate agents, accountants and lawyers, but it should be noted that only large taxpayers are considered to be REs. It was also found that dealers in precious metals and stones were not REs.

95. Pursuant to art. 31 of FIU Resolution 78/2023, the scope of application is amended by removing the reference to “large taxpayers” and extending the scope to all DNFBPs as REs, including without limitation all lawyers, accountants and real estate companies as REs. In addition, the country has designated the dealers in precious metals and stones sector as REs by FIU

Resolution 29/2024, which approves its specific instructions, and specifically for PEP issues pursuant to art. 40.

## II) Conclusion:

96. The country has made significant regulatory efforts to meet the requirements of this criterion. With the amendments made by the country, all DNFBPs are covered by the obligation to comply with the necessary measures for the identification of PEPs contained in Recommendation 12 and set out in FIU Instructions approved by Resolution 78/2023 and FIU Instructions approved by Resolution 29/2024. In this sense, criterion 22.3 is **met**.

### Criterion 22.4

#### I) Analysis:

97. The lack of outreach to DNFBPs also had an impact on compliance with this criterion, as noted in the December 2023 MER.

98. As mentioned in the analysis of the criteria above, Bolivia has amended FIU Resolution 78/2023 to remove the limitation of REs to “large taxpayers” and to broaden the scope of obligations, requiring all relevant sectors to comply with the new technology requirements in para. III of art. 20.

99. In addition, pursuant to FIU Resolution 29/2024, the country has designated the sector of dealers in precious metals and stones as REs, and the relevant instructions include the requirements for new technologies in paragraph IV of art. 20. Accordingly, they are required to take the necessary steps to manage and mitigate risks that may arise from new products or business practices, new delivery mechanisms, the use of new or evolving technologies for new or existing products, including risks arising from crypto-asset activities or transactions, or those related to Virtual Asset Service Providers (VASPs).

#### II) Conclusion:

100. In line with the amendments made by the country, the identified deficiencies in the scope of lawyers, accountants and real estate companies are addressed and dealers in precious metals and stones are included as REs. Therefore, they are all obliged to comply with the relevant requirements of their respective instructions.

101. In this sense, criterion 22.4 is **met**.

### Criterion 22.5

#### I) Analysis:

102. The 2023 MER found that this criterion is not applicable as Bolivia does not rely on third parties for the DNFBP category. This situation has not changed.

#### II) Conclusion:

103. The country does not rely on third parties for the DNFBP category. In this sense, criterion 22.5 is kept as **Not applicable**.

### **General conclusion on Recommendation 22**

104. Bolivia has made very significant progress by adopting regulations necessary for the inclusion of all DNFBPs as REs, without limitation to “large taxpayers”. At the same time, dealers in precious metals and stones, which were not previously included, were designated as REs. These changes are applicable to all DNFBPs, with CDD and compliance obligations.

105. In view of the above, the country has taken measures to ensure compliance and to cover all relevant sectors that will be subject to the obligations of Recommendation 22, which is proposed to be re-rated as **Compliant**.

### **Recommendation 23 – DNFBPs: Other measures (rated PC – Re-rated LC)**

#### **Criterion 23.1**

106. The 2023 MER identified as a deficiency that the relevant instructions for DNFBPs only addressed REs designated as large taxpayers, leaving out others who should be subject to the requirements set out in this Recommendation. Precious metals and stones trading was also not found to be an REs. These deficiencies in scope affected other sectors and are relevant to compliance with Recommendations 22, 23 and 28.

#### **I) Analysis:**

##### **a)**

107. The country has broadened the scope of application of DNFBPs as REs by adopting FIU Resolution 78/2023, which includes all entities of the identified sectors and removes the “large taxpayer” limitation.

108. Therefore, all lawyers and accountants are subject to the obligation to report suspicious transactions in accordance with articles 34 and 35 of FIU Instruction 25/2023. Therefore, the actions taken by the country address the identified deficiency.

##### **b)**

109. The MER found that dealers in precious metals and stones were not REs and therefore did not comply with the obligation to issue STRs.

110. The sector of dealers in precious metals and stones is designated as a RE by the approval of the sectoral instructions by FIU Resolution 29/2024. They must therefore comply with the obligation to report suspicious transactions in relation to the provisions of articles 43 and 44 of the Instructions, which set out the requirements for issuing STRs in accordance with R.20.

##### **c)**

111. The 2023 MER considers that the requirement of the sub-criterion is met and the country reports that the relevant legislation has not been amended, so the analysis of the report is maintained.

**II) Conclusion:**

112. The country has adopted measures to meet the requirements of this criterion. Considering that the amendments made by the country cover all DNFBPs with the obligation to comply with the necessary measures, the lack of scope is addressed. In this sense, criterion 23.1 is **met**.

**Criterion 23.2****I) Analysis:**

113. The lack of scope described in the analysis of Criterion 23.1 regarding the consideration of only “large taxpayers”, as well as the fact that dealers in precious metals and stones were not listed as REs, had an impact on the analysis of this criterion in the 2023 MER.

114. As indicated in the analysis of criterion 23.1, the amendment of the DNFBP Instructions by FIU Resolution 78/2023 extends the scope to all DNFBPs without limiting it to large taxpayers. RE includes, without limitation, all lawyers, accountants performing the activities specified in the standard, and real estate companies. The country has also designated the dealers in precious metals and stones sector as REs by FIU Resolution 29/2024, which also approves the sector specific instructions.

115. Under the terms of articles 6, 7, 8, 10 to 16, 17 and 18 of AR FIU/25/2023 and the Instructions for the dealers in precious stones and metals sector approved by AR FIU/29/2024, all relevant REs are subject to the obligations of R.18.

**II) Conclusion:**

116. Bolivia has made significant progress by adopting regulations necessary for the inclusion of all DNFBPs as REs, without limitation. These REs are therefore obliged to comply with the requirements of Recommendation 18, specifically with the requirements of criterion 18.1, while, based on the MER, criteria 18.2 and 18.3 would not be applicable. In this sense, criterion 23.2 is **met**.

**Criterion 23.3****I) Analysis:**

117. The 2023 MER noted that the Instructions only addressed REs that are large taxpayers, leaving out others that should be subject to the requirements set out. Moreover, there were no similar obligations for dealers in precious metals and stones.

118. With the approval of FIU Resolution 78/2023, all lawyers, accountants and real estate companies are considered REs, without limitation of the status of large taxpayers, so that they must comply with the provisions of art. 33, which covers the requirements of R.19. Furthermore, by means of FIU Resolution 29/2024, the sector of dealers in precious metals and stones is designated as a RE, which in its art. 42 contains the analogous provision applicable to the sector of dealers in precious metals and stones.

**II) Conclusion:**



119. The changes made by the country, together with the issuance of specific instructions and the designation of dealers in precious metals and stones as REs, address the deficiencies identified under this criterion. As REs are required to comply with the higher risk country requirements of Recommendation 19, criterion 23.3 is **met**.

#### Criterion 23.4

##### I) Analysis:

120. The 2023 MER noted that the Instructions relevant to DNFBPs only addressed REs that are large taxpayers, leaving out others that should be subject to the requirements. Dealers in precious metals and stones were excluded.

121. The country has made regulatory changes, such as the approval of FIU Resolution 78/2023, which designates all lawyers, accountants and real estate companies as REs, thus removing the limitation of large taxpayers. In addition, FIU Resolution 29/2024 designates the sector of dealers in precious metals and stones as REs.

122. As described above, all relevant DNFBP sectors have a responsibility to comply with the tipping-off and confidentiality requirements set out in Recommendation 21. The above requirements are set out in arts. 37 and 38 of FIU Resolution 25/2023, which establishes the Instructions for DNFBPs, and in arts. 46 and 47 of the Instructions for the precious metals and stones sector, approved by FIU Resolution 29/2024.

123. Importantly, the country did not provide information regarding the deficiency with respect to the provisions of R.21, which relates to the fact that the provisions do not appear to protect employees, officers and directors of REs who disclose restricted information in good faith with respect to offences other than ML. Therefore, the deficiency identified in the MER remains.

##### II) Conclusion:

124. In line with the changes made by the country and the issuance of the Instruction for the missing sector, the deficiencies identified under this criterion are largely addressed. In addition, the deficiency reported in the MER in relation to protection against disclosure is considered to be a minor deficiency in relation to this Recommendation. In this sense, criterion 23.4 is **mostly met**.

#### General conclusion on Recommendation 23

125. In light of the substantial changes and additions to the legislation made by Bolivia, including the designation of dealers in precious metals and stones as REs and the removal of the limitation to large taxpayers, the scope deficiencies identified in the MER are considered to have been addressed. However, a minor deficiency remains in relation to Recommendation 21, which affects the full compliance with the requirements of criterion 23.4.

126. In view of the above, it is proposed that Recommendation 23 be re-rated as **Largely Compliant**.

## **Recommendation 24 – Transparency and beneficial ownership of legal persons (rated PC – It is kept as PC)**

### **Criterion 24.1**

#### **I) Analysis:**

127. The 2023 MER noted that the term “legal persons” was not covered in accordance with the international legal standard and its glossary. However, by stating in the MER that it does not consider sole proprietorships to be covered by the term “legal person” in the international standard on the subject and its glossary, the AT is not identifying a deficiency, but rather clarifying that these companies are not to be considered as legal persons, as they are natural persons with a business. It should also be noted that Procedure 46 ‘Operational changes’ of the Business Register Procedures Guide clearly sets out how beneficial ownership information is to be obtained.

#### **II) Conclusion:**

128. In line with the clarification provided, criterion 24.1 is considered to be **met**.

### **Criterion 24.2**

#### **I) Analysis:**

129. In the 2023 MER, the requirement of the sub-criterion is considered to be mostly met and the rating is therefore maintained, as there is no information on whether the deficiencies identified in the criterion have been overcome, in connection with the risk analysis, which does not take into account that the risks of corporations or limited partnerships by shares, even if they are of minor importance.

#### **II) Conclusion:**

130. In line with the above, criterion 24.2 remains rated **mostly met**.

### **Criterion 24.3**

#### **I) Analysis:**

131. In the 2023 MER, the requirement of the sub-criterion is considered to be met. Accordingly, the rating is maintained as the country reports that the relevant legislation for this criterion has not been amended.

#### **II) Conclusion:**

132. In line with the above, criterion 24.3 remains **met**.

### **Criterion 24.4**

**I) Analysis:**

133. In the 2023 MER, the requirement of the sub-criterion is considered to be mostly met, as there is a deficiency related to the lack of specific regulations on the keeping of corporate accounts. The country has not provided any information on how the deficiencies identified in this criterion have been addressed, so it is assumed that the deficiency remains.

**II) Conclusion:**

134. In line with the above, criterion 24.4 remains rated **mostly met**.

**Criterion 24.5****I) Analysis:**

135. In the 2023 MER, the criterion was rated as mostly met. As no additional information was provided by the country in this respect, the MER analysis is considered to stand.

**II) Conclusion:**

136. In line with the above, criterion 24.5 remains rated **mostly met**.

**Criterion 24.6****I) Analysis:****a)**

137. In the 2023 MER, the requirement of the sub-criterion is considered to be mostly met. Due to the lack of information on whether the deficiencies identified in the sub-criterion have been overcome, the sub-criterion is maintained as mostly met.

**b)**

138. In the 2023 MER, the requirement of the sub-criterion is considered to be mostly met. Due to the lack of information on whether the deficiencies identified in the sub-criterion have been overcome, the sub-criterion is maintained as mostly met.

**c)**

139. In the 2023 MER, the requirement of the sub-criterion is considered to be mostly met. Due to the lack of information on whether the deficiencies identified in the sub-criterion have been overcome, the sub-criterion is maintained as mostly met.

**II) Conclusion:**

140. In line with the above, criterion 24.6 remains rated **mostly met**.

**Criterion 24.7****I) Analysis:**

141. The following deficiency was found in the MER: "FIs and DNFBPs should keep CDD information up to date with BO information. (See R.10 and R.22) However, in the case of DNFBPs (lawyers and accountants), this obligation only applies to those considered to be large taxpayers". This deficiency has been remedied by including all DNFBPs as REs.

142. In Bolivia, the obligation of commercial companies to file the BO is regulated by SEPREC AR 150/2022, which provides for different cases in which the BO must be filed (e.g., when the company is registered, or when the commercial registration is renewed, or in cases of transformation, capital increase, among others).

143. In addition, SEPREC AR 219/2024 amended Procedure 46 'Operational changes' of the Business Register Procedures Guide, through which commercial companies can declare or modify the information in the BO at any time. In addition, the same resolution approved a user manual to facilitate the provision of data under the above procedure. These provisions are covered by art. 30 of the Code of Commerce, which stipulates that a trader is obliged to notify the Business Register of any change or modification affecting his commercial activity.

144. It is verified that in the country there is an obligation for commercial companies to declare the beneficial owner and that a specific channel has been established to comply with this obligation. However, there is no specific legal provision in the respective resolutions setting a time limit for reporting the change of BO information from the date on which the change occurred (e.g., 30 days)<sup>5</sup>. Despite the existence of a regulatory framework that requires reporting changes in BO, and the fact that the country has established an operational framework for companies to report such changes, the lack of a specific deadline for reporting changes in beneficial ownership raises doubts about compliance with this criterion, since it is not possible to state that the country requires that beneficial ownership information be as up to date as possible.

## II) Conclusion:

145. The country has made significant progress by changing the procedure for updating BO information. However, while progress has been made, it has not yet been possible to establish that the country has met the requirement to keep information as up-to-date as possible, which is a substantive requirement to comply with this criterion. According to the latter, criterion 24.7 is **partly met**.

## Criterion 24.8

### I) Analysis:

#### a)

146. In the 2023 MER, the requirement of the sub-criterion is considered to be mostly met. Due to the lack of information on whether the deficiencies identified in the sub-criterion have been overcome, the sub-criterion is maintained as mostly met.

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<sup>5</sup> Between August and October 2024, Supreme Decree N°5200 was enacted and Administrative Resolutions N°381/2024 and N°494/2024 were issued, establishing a maximum period of 30 days for updating the BO information after any change. Notwithstanding the above, this information has not been weighted for the analysis of this report due to the fact that the regulatory changes were subsequent to the date foreseen in the procedure.

**b)**

147. The MER notes here that REs are required to identify the BO of their customers in accordance with R.10 and R.22, with the limitations identified for some DNFBPs.

148. The country reported the inclusion in the preventive system of DNFBPs which, at the time of the assessment, were not required to apply AML/CFT measures (see discussion under R.22). However, this criterion states that the country should ensure that legal persons cooperate as much as possible with the competent authorities in order to identify the BO, and that this can be achieved by requiring that domestic DNFBPs are authorised by the legal person and are responsible for providing all available basic and BO information. In Bolivia, the persons responsible for providing information on the BO to the competent authorities are the administrators and representatives of the companies established under the Code of Commerce (articles 804 and 805 of the Civil Code and articles 62 and 165 of the Code of Commerce), an obligation that also applies to notaries by virtue of the specific instructions for the sector. Therefore, the sub-criterion is met.

**c)**

149. There are no deficiencies in this sub-criterion in the 2023 MER. Nevertheless, the country reported on additional measures taken with regard to the availability of information provided by legal persons. In particular, the issuance of SEPREC Administrative Resolution 219/2024 (13 May 2024) was reported, which introduced the obligation for legal persons to update BO information whenever there is a change.

150. It should be noted that, as reported by the country, this obligation is implemented in the Commercial Registry System (RECOP) and is therefore accessible to the 22 competent authorities that have signed an agreement with the Registry.

## **II) Conclusion:**

151. Bolivia has shown progress in addressing the deficiencies identified in the MER and in revising aspects of that report to confirm its weighting. On the basis of the above, criterion 24.8 is met.

### **Criterion 24.9**

#### **I) Analysis:**

152. The 2023 MER states that in the case of lawyers, accountants and real state sector, they will only have to comply with this obligation if they are considered to be large taxpayers. However, this deficiency has been addressed by the adoption of FIU Resolution 78/2023, which includes lawyers, accountants and the real state sector as REs, regardless of whether they are large taxpayers. It is important to note that the instructions do not apply to the notary sector, which is required to comply with the requirements by means of specific instructions.

#### **II) Conclusion:**

153. The country has addressed the deficiency related to the scope of REs only for large taxpayers by removing this limitation. In this sense, criterion 24.9 is **Met**.

### **Criterion 24.10**

#### **I) Analysis:**

154. In the 2023 MER, the requirement of the sub-criterion is considered to be met. The rating is maintained as the country reports that the legal provisions related to compliance with this criterion have not changed since the ME.

## II) Conclusion:

155. In line with the above, criterion 24.10 remains rated **met**.

### Criterion 24.11

#### I) Analysis:

##### a)

156. In the MER analysis, it was determined that this sub-criterion did not apply. Accordingly, the rating is maintained as no changes have been noted.

##### b)

157. There are no deficiencies in this sub-criterion in the 2023 MER. The rating is maintained as the country reports that the legal provisions related to compliance with this criterion have not changed since the ME.

##### c)

158. The 2023 MER indicates that this sub-criterion is not applicable and therefore the rating is maintained as there are no changes to this sub-criterion.

##### d)

159. The MER reports on the issuance of DS 4907/2023, which requires commercial companies holding bearer shares to submit information on the identity of the bearer to the AEMP. Similarly, in its transitional provision, it excludes from its application commercial companies that have bearer shares and convert or have converted them into registered shares (where the identity of the holder is known and is entered in the company's share register). In addition, the MER indicates that the regulation approved by RA/110/23 establishes the obligation to provide the AEMP with information under affidavit identifying the holder of the bearer shares, changes of ownership, details of the new holder.

160. In this context, the country reported on the measures recently adopted to operationalise these regulatory changes, including the publication of public notices for LPs with bearer shares to convert them or to comply with the information regime, through which it requests inter-institutional cooperation from SEPREC and the Ministry of Productive Development and Plural Economy for the publication of notices on their websites in accordance with the provisions of DS 4907, and publications by these bodies from May 2024).

161. Accordingly, the country is considered to have met the requirement of the sub-criterion, as holders of bearer shares that have not been converted into registered shares should be registered.

##### e)

162. The country reported on additional measures taken in relation to the treatment of bearer shares. In this regard, the Ministry of Productive Development issued Instruction INS/MDPYEP/VPI 0019/2024 of June 2024, which instructs the AEMP and SEPREC to carry out



nationwide training on compliance with the obligations of legal persons, including those relating to bearer shares. SEPREC is also mandated to periodically send information to the AEMP for the purpose of cross-checking information on corporations and Partnership limited by shares with bearer shares, in accordance with the provisions of Supreme Decree 4907/2023.

163. Finally, the AEMP issued Instruction INS/AEMP/DE 0003/2024 of June 2024, which aims to implement training programmes on the transparency mechanism for the management of bearer shares, while Instruction SEPREC/DGE/INS 148/2024, issued in June 2024, instructs SEPREC staff to implement a training plan and schedule aimed at corporations, partnerships limited by shares, entrepreneurs and companies in general.

## II) Conclusion:

164. Bolivia has made significant progress by developing an appropriate legal framework in this area and by implementing various operational mechanisms to identify the holder of bearer shares, which has allowed it to meet more than one sub-criterion of criterion 24.11, considering that the requirement of the standard states that at least one sub-criterion must be adopted by the country. In this sense, criterion 24.11 is **met**.

### Criterion 24.12

#### I) Analysis:

##### a)

165. The 2023 MER indicates that this sub-criterion is not applicable and therefore the rating is maintained as there are no changes to this sub-criterion.

##### b)

166. The 2023 MER indicates that this sub-criterion is not applicable and therefore the rating is maintained as there are no changes to this sub-criterion.

##### c)

167. The 2023 MER indicates that this sub-criterion is not applicable and therefore the rating is maintained as there are no changes to this sub-criterion.

#### II) Conclusion:

168. In line with the above, criterion 24.12 remains rated **Not applicable**.

### Criterion 24.13

#### I) Analysis:

169. Despite being rated as a PC, it is not clear from reading the analysis what the underlying deficiencies are. However, it is clear from a reading of IO.5 that the AEMP is empowered to impose sanctions for breaches of basic information obligations and that the sanctions are proportionate but not dissuasive (paragraph 736 of the MER)<sup>6</sup>. Furthermore, the analysis did not reveal that the legal framework provides for sanctions against natural persons for non-compliance with BO.

<sup>6</sup> Administrative Resolutions N°093/2024 and N°116/2024 issued in August and November 2024, respectively, approved and amended the "Regulations on Sanctions and Violations of

## II) Conclusion:

Although the country has specified the existing sanctioning framework, the elements considered in the MER have not been modified, and therefore the assessment made in the MER should be maintained.

### Criterion 24.14

#### I) Analysis:

##### a)

170. There are no deficiencies in this sub-criterion in the 2023 MER. The country reports that the relevant legislation has not changed and therefore the rating assigned in the ME is maintained.

##### b)

171. There are no deficiencies in this sub-criterion in the 2023 MER. As the country reports that there have been no legislative changes since the ME that could affect compliance with this criterion, the rating is maintained.

##### c)

172. There are no deficiencies in this sub-criterion in the 2023 MER. The country reports that the relevant legislation has not changed and therefore the rating assigned in the ME is maintained.

#### II) Conclusion:

173. In line with the above, criterion 24.14 remains rated **met**.

### Criterion 24.15

#### I) Analysis:

174. The 2023 MER found that some relevant authorities, such as the MP and the police, do not have clear rules or mechanisms in place to monitor the quality of assistance received from other countries, which could undermine their ability to provide feedback to their foreign counterparts on the quality of BO information they receive from them. However, the country demonstrated progress in this area by adopting a manual on police investigations, approved by Resolution 179/24, which includes a section on the duty to provide feedback, including a satisfaction survey that can be completed by the recipients of the feedback. Circulars FGE/DFEDNMPD/CIR 0004/2024, FGE/DFEDCTA/CIR 0009/2024, FGE/UNAI/CIR 0001/2024, FGE/DCVIP/CIR 0014/2024, FGE/DRGYJ/CIR 001/2024 and FGE/DFEDPYST/CIR 0001/2024 of 3 July 2024 were also adopted, FGE/DRGYJ/CIR 001/2024 and FGE/DFEDPYST/CIR 0001/2024 of 3 July 2024, which provide for feedback parameters on international cooperation responses, including on BO.

#### II) Conclusion:

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BO Information” to strengthen the coercive mechanism to impose sanctions for non-compliance with the relevant obligations. Notwithstanding the above, this information has not been weighted for the analysis of this report due to the fact that the regulatory changes were subsequent to the date foreseen in the procedure.

175. Bolivia has made very significant progress in adopting standards and other guidelines that address the deficiencies identified in the MER. In this sense, criterion 24.15 is **met**.

#### **General conclusion on Recommendation 24**

176. Bolivia has made significant efforts and progress through the adoption of various regulations aimed at ensuring access to accurate information from the BO, such as SEPREC AR 219/2024 of May 2024, which amended Procedure 46 “Operational Changes” of the Business Registry Procedures Guide, and AR FIU/78/2023, which establishes that all REs (real estate companies, lawyers and accountants) must fully comply with and implement preventive measures based on an AML/CFT risk management approach, as well as the adoption of manuals at the police level or circulars in the Public Ministry providing for feedback on BO cooperation responses.

177. Notwithstanding the above, two deficiencies remain which, taken together, are of a moderate nature as they have the potential to affect to some extent the scope of the formal BO reporting system: (i) there is no clear deadline for commercial companies to declare beneficial owners in the event of a change, and therefore there is a concern that the country requires BO information to be as up-to-date and accurate as possible; and (ii) no post-MER measures have been adopted to strengthen the dissuasive effect of the sanctions applicable to non-compliance, in addition to the fact that there are no sanctions for natural persons for non-compliance with the BO.

178. In view of the above, it is proposed that Recommendation 24 be re-rated as **Partially Compliant**.

#### ***Recommendation 28 – Regulation and supervision of DNFBPs (rated PC – Re-rated C)***

##### **Criterion 28.1**

##### **I) Analysis:**

###### **a)**

179. In the 2023 MER, the requirement of the sub-criterion is considered to be met. As there have been no changes to the provisions applicable to it, it remains met.

###### **b)**

180. In the 2023 MER, the requirement of the sub-criterion is considered to be met. As there have been no changes to the provisions applicable to it, it remains met.

###### **c)**

181. In the 2023 MER, the requirement of the sub-criterion is considered to be met. As there have been no changes to the provisions applicable to it, it remains met.

##### **II) Conclusion:**

182. In line with the above, criterion 28.1 remains rated **met**.

## Criterion 28.2

### I) Analysis:

183. The 2023 MER noted that SENARECOM exercised prudential supervision over dealers in precious metals and stones, but did not have AML/CFT supervisory powers. In addition, this sector had not yet been designated as a RE. This deficiency is taken into account in the remaining criteria of this Recommendation.

184. The country has addressed the deficiencies identified by designating the dealers in precious metals and stones sector as a RE through FIU Resolution 29/2024, which also specifically designates SENARECOM as the supervisor of the sector. It should be noted that such designation is in accordance with the FIU's powers to regulate the country's AML/CFT regime, as set out in art. 10(a) and (b) of the FIU Regulations.

### II) Conclusion:

185. Bolivia has made significant progress in adopting standards that address the deficiencies identified in the MER, and in designating SENARECOM as the regulator of the precious metals and stones sector, which has recently been designated as an RE. In this sense, criterion 28.2 is met.

## Criterion 28.3

### I) Analysis:

186. The 2023 MER identified the deficiency that only large taxpayers were subject to monitoring. The country has made progress in addressing the deficiencies in this area with the inclusion of the dealers in precious metals and stones as REs, as well as the designation of SENARECOM as supervisor, as established in FIU Resolution 29/2024, in relation to art. 495 of Law 393 on Financial Services.

187. This designation is made to ensure that this sector is subject to AML/CFT compliance monitoring systems. To this end, Board Resolution No. 04/2024 was adopted, which issued the "Guide for the elaboration of the risk profile of dealers in precious metals and precious stones related to ML/TF/FPWMD" and the "Manual for the Supervision of Dealers in Precious Metals and Precious Stones RBA against ML/TF/FPWMD".

188. With regard to other REs, FIU Resolution 78/2023 extended the scope of the definition of REs to all persons and entities carrying out the activities, removing the limitation of "large taxpayers". Accordingly, by Administrative Resolution RAI/AEMP/DJ/ 025/2023, the Authority for Fiscal Control of Businesses (AEMP) amended the Manual and the Guide in order to improve the supervisory tools and strengthen the systems for monitoring compliance with AML/CFT requirements. For this reason, AEMP has produced separate manuals and guides for accountants, lawyers and the real estate sector.

### II) Conclusion:

189. Bolivia has made significant progress by adopting measures to ensure that the supervisory tools are applicable to all lawyers, accountants, real estate agents, not just large taxpayers, as well

as the newly included sector of dealers in precious metals and stones. In this sense, criterion 28.3 is met.

#### Criterion 28.4

##### **I) Analysis:**

###### **a)**

190. The 2023 MER indicated that this criterion should also take into account the aforementioned deficiency that only large taxpayers will be subject to AML/CFT requirements. As a result, in order to address these identified deficiencies, the country adopted FIU Resolution 78/2023, which includes all DNFBPs as REs and removes the restriction on large taxpayers set out in art. 4 of FIU Instruction 25/2023. In addition, the AEMP has issued separate manuals and guidelines for the accountant, lawyer and real estate sectors, each of which is empowered to carry out its supervisory functions and monitor compliance.

191. In addition, FIU Resolution 29/2024 established the designation of dealers in precious metals and stones as REs, as well as the designation of SENARECOM as the AML/CFT supervisory authority for the sector, in order to comply with the provisions of art. 495 of Law 393 on financial services. SENARECOM has a manual and a guide that ensure that the sector is subject to monitoring systems to comply with AML/CFT requirements, approved by Board Resolution No. 04 of 03/07/2024.

192. In view of the above, the measures adopted by the country are aimed at making the regulatory and supervisory instruments fully applicable, without any restrictions, to all lawyers, accountants, real estate agents and to the dealers in precious metals and stones sector.

###### **b)**

193. As mentioned in the analysis of the previous sub-criterion, FIU Resolution 78/2023 removes the restriction that only large taxpayers are covered by the AML/CFT regime, as established in art. 4 of FIU Instruction 25/2023.

194. With regard to the designation of SENARECOM as the supervisory authority for the precious metals and stones sector, this was done by FIU Resolution 29/2024 and in accordance with art. 495 of Law 393 on Financial Services. Based on the above, said body may apply the requirements established in articles 1 and 2 of Ministerial Resolution No. 157/2017 to identify the origin of the minerals and metals traded. The Ministerial Resolution also instructed SENARECOM to update the regulations governing the Mining Identification Number (NIM), its registration and control, and, in the meantime, to establish the requirements for the issuance of the NIM.

195. The country may also apply art. 19 of the Code of Commerce with regard to the activities of all lawyers, accountants and real estate agents. With regard to the sector of dealers in precious metals and stones, the aforementioned article may be applied to obtain the trade registration for this sector, which establishes that the following may not engage in this activity: 1) persons designated by law or as a consequence of a court ruling; 2) bankrupts who have not been rehabilitated; 3) directors, administrators, managers or legal representatives, as well as receivers of companies declared guilty or fraudulent bankrupt, for the duration of the sentence; and 4) public officials or employees of official or semi-official entities in connection with activities related to their function.

196. The measures implemented address the deficiency identified in the MER with the extension of the DNFBP sector as a RE and comply with the requirements established to prevent criminals from engaging in commercial activities in these sectors considered as REs, as provisions of the Specific Instructions for DNFBPs, Article 10 of which states that a Criminal Record Certificate and a documented and updated résumé of the internal Client must be obtained, are also applicable.

**c)**

197. Bolivia amended the scope of application of DNFBPs as REs in FIU Resolution 78/2023, removing the limitation to “large taxpayers”. Consequently, the AEMP may impose administrative sanctions in AML/CFT matters in accordance with arts. 23, 24 and 25 of DS 4904/23. In addition, the AEMP issued Internal Administrative Resolution RA/AEMP/DJ 042/2024, which establishes a series of administrative sanctions and offences applicable to DNFBPs designated by the FIU, and which will apply to all accountants, lawyers and real estate agents.

198. The country also designated the precious metals and precious stones sector as a RE and appointed SENARECOM as the sector supervisor. Accordingly, SENARECOM may apply the administrative sanctions in the field of AML/CFT provided for in arts. 23, 24 and 25 of DS 2904/2023, as well as the infringements and sanctions provided for in arts. 9 to 13 of Board Resolution No. 12/2018. Considering the deficiency indicated in the analysis of MER R. 35 regarding DNFBPs, which focused on the scope of applicable sectors, it is possible to conclude that with the expansion of sector coverage this deficiency has been solved.

## **II) Conclusion:**

199. The country has taken important steps such as broadening the scope of application of DNFBPs as REs, including excluded sectors such as dealers in precious metals and stones, or removing the limitation to large taxpayers. Therefore, all DNFBP sectors should comply with the application of sanctions for non-compliance with AML/CFT requirements. In this sense, criterion 28.4 is **met**.

## **Criterion 28.5**

### **I) Analysis:**

200. The 2023 MER indicated that this criterion should also take into account the aforementioned deficiency that only large taxpayers will be subject to AML/CFT requirements.

**a)**

201. The country has made progress in addressing the identified deficiencies by expanding the REs, by removing the reference to large taxpayers through FIU Resolution 78/2023, and by including dealers in precious metals and stones in the AML/CFT system through FIU Resolution 29/2024, which also establishes a supervisor for them in this area.

202. As for the supervision exercised by the AEMP, it covers all lawyers, accountants and real estate agents, in accordance with the extension made by FIU Resolution 78/2023. On this basis, supervision under the RBA is conducted in accordance with the manuals and guidelines issued by each sector, which set out processes, procedures and guidelines for identifying, assessing and mitigating risks, and which were in place at the time of the ME.

203. With regard to the supervision to be carried out by SENARECOM, this is done in accordance with FIU Resolution 29/2024 and in relation to art. 495 of Law 393 on Financial Services. SENARECOM may carry out its supervision on the basis of the guidelines and manual issued by Board Resolution No. 4/2024. The Guidelines establish the mechanism for determining the risk profile of this sector in order to carry out its supervision with an RBA that takes into account the intensity of the risk, through the elaboration of the risk matrix (paragraphs 4 to 6). The Supervisory Manual sets out guidelines, mechanisms and procedures for monitoring effective compliance with the regulations issued by the FIU and the implementation of risk mitigation measures in the sector.

**b)**

204. The supervision to be exercised by SENARECOM should take into account the ML/TF risk profile and the degree of discretion granted to the sector under the RBA. The Supervisory Manual defines the supervisory approach, intensity and frequency by prioritising its REs, and the Risk Profiling Guidance establishes the risk management methodology based on the identification and understanding of the level and degree of risk in the dealers in precious metals and stones sector.

205. With regard to the supervision carried out by the AEMP, the guidelines and manuals issued by each sector specifically establish the risk assessment for each sector in order to measure the frequency and intensity of supervision through the implementation of measures that determine the profile and degree of discretion of the risk of the RE.

## **II) Conclusion:**

206. The country has taken steps to address the entire DNFBP sector as REs to comply with AML/CFT supervisory requirements for each relevant sector, in addition to ensuring that supervisory guidance and manuals are applicable to these sectors. In this sense, criterion 28.3 is **met**.

### **General conclusion on Recommendation 28**

207. Bolivia has made significant progress by adopting the necessary regulations to include all DNFBPs as REs and by the designation of the dealers in precious metals and stones sector as an RE through Administrative Resolutions FIU/78/2024 amending AR 25/23 and FIU/29/2024, respectively. Manuals and guides have also been approved for each sector, covering the requirements and characteristics set out in the standard. It is therefore considered that the deficiency identified in relation to this Recommendation has been overcome.

208. These measures ensure that supervisory tools are applicable to the entire DNFBP sector. They provide for the proper application of the risk level of each sector subject to AML/CFT compliance monitoring systems, together with a supervisory plan.

209. In view of the above, it is proposed that Recommendation 28 be re-rated as **Compliant**.

## **IV. CONCLUSION**



210. In view of the progress made by Bolivia since the adoption of its MER, it is proposed that technical compliance with the FATF Recommendations be re-rated as follows:

**Table 2. Technical Compliance Ratings, December 2024**

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

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

211. On the basis of the approved follow-up procedures for the Fourth Round and the roadmap for the preparation of the Fifth Round of Mutual Evaluations, Bolivia will continue its enhanced follow-up to the Fourth Round, which began with the present report, once its status in the FATF ICRG process has been defined.