

Settlement Agreement between the Central Bank of Ireland and UBS International Life Limited

The Central Bank of Ireland ("the Central Bank") entered into a Settlement Agreement on 19 June 2012 with UBS International Life Limited, a regulated financial services provider, in relation to various breaches of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 the ("CJA 2010").

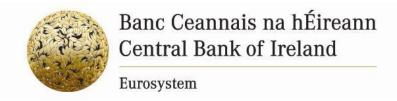
Reprimand and Fine

The Central Bank reprimanded the firm and required it to pay a monetary penalty of €65,000 for its failure to comply with certain requirements of the CJA 2010, aimed at protecting the financial system from the risk of exposure to money laundering and terrorist financing.

Breaches

The breaches identified are:

- 1. UBS International Life Limited failed to demonstrate that it had instructed any of its staff on the law in relation to money laundering and terrorist financing from 15 July 2010 (when the CJA 2010 came into force) until December 2010. Furthermore, with one exception, the firm failed to provide this instruction to the directors of the firm until 26 April 2011. These failures amounted to breaches of Section 54 (6) (a) of the CJA 2010.
- UBS International Life Limited failed to demonstrate that it had met the
 requirements for placing reliance on third parties, in accordance with Section 40 (3)
 of the CJA 2010, thereby failing to comply with its obligations in relation to the



- identification and verification of customers. These breaches occurred from 15 July 2010 to 30 May 2011.
- UBS International Life Limited failed to adopt adequate written policies and procedures in relation to the identification and reporting of suspicious transactions.
 These breaches amounted to a breach of Section 54 (2) of the CJA 2010.

Background

The Central Bank's Anti-Money Laundering and Counter Terrorist Financing ("AML/CTF") Supervisory Unit identified these breaches during an inspection of the firm conducted in December 2010. Following this inspection, an examination into these issues was conducted by the Central Bank's Enforcement Directorate.

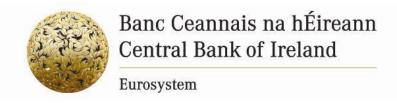
Sanctions Decision Factors

The taking of this case and the sanctions imposed reflect the seriousness with which the Central Bank views breaches of the legislative provisions which are designed to prevent the use of the financial system for the purpose of money laundering and terrorist financing.

The Central Bank's examination identified UBS International Life Limited's failure to take into account and implement the legislative changes imposed by the CJA 2010, particularly in the areas of instruction on the law, third party reliance requirements and the adoption of adequate written policies and procedures in relation to the identification and reporting of suspicious transactions.

The Central Bank takes particularly seriously the fact that the UBS International Life Limited did not demonstrate to the Central Bank that it had provided instruction in the law to its staff until December 2010 or to the majority of its directors until April 2011.

In deciding the appropriate sanctions, the Central Bank has also taken into account that:



- 1. the firm has co-operated fully in the examination process and settled at an early stage in the administrative sanctions procedure;
- 2. the firm has stated that it takes this matter extremely seriously and is fully committed to ensuring that the firm operates at all times in compliance with its legal and regulatory requirements; and
- 3. the firm has confirmed that it has now rectified the breaches in question and has provided documentation in support of this.

The Central Bank confirms that the matter is now closed.

- End -

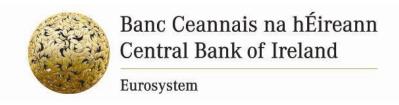
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The Central Bank of Ireland also issued a general comment from Director of Enforcement,

Peter Oakes:

"This is the Central Bank's first administrative sanction for non-compliance by a regulated firm with anti-money laundering and counter terrorist financing laws which came into force in July 2010.

Firms must adopt robust and effective policies and procedures to prevent and detect money laundering and terrorist financing including ensuring that policies, procedures and business practices are updated in timely manner on foot of changes to regulatory requirements. Furthermore, such policies and procedures must be appropriate to the nature of, and risks



associated with, a firm's operations, including its local and international distribution models as well as the types of financial services and products sold or distributed.

Firms are reminded that AML/CTF requirements must have, like other important governance issues, a home on the boardroom agenda. We have said previously that we have identified many instances where firms do not appear to have comprehensively reviewed their business models to assess the impact of the CJA 2010 on their businesses nor devised or deployed effective implementation plans. It is important for the integrity of the Irish regulated market and the international fight against financial crime that both European and global money laundering and terrorist financing obligations are complied with. Where the actions of a firm undermine the Central Bank's achievement of local statutory and international obligations the firm should expect that enforcement action will follow, especially where the breach falls within our stated Enforcement Priorities and Enforcement Strategy, to which we attach high priority".