

Regulation of Law 10/2010 of 28 April, on the prevention of money laundering and terrorist financing

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Extracted from Royal Decree 304/2014 of 5 May, on the adoption of Regulation of Law 10/2010 of 28 April, on the prevention of money laundering and terrorist financing.

REGULATION OF LAW 10/2010 OF 28 APRIL, ON THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING.

<p style="text-align: center;">CHAPTER I. GENERAL PROVISIONS.</p>
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Article 1. Scope.

This Regulation, implementing Law 10/2010 of 28 April, on the prevention of money laundering and terrorist financing, regulates the obligations of obliged subjects listed in article 2 of the said Law, the institutional organisation for the prevention of money laundering and terrorist financing, the application of international financial sanctions and countermeasures and establishes the structure and functioning of the Financial Ownership File.

Article 2. Structuring of transactions and foreign currency equivalents.

1. The quantitative thresholds set out in this Regulation shall apply regardless of whether they are reached in a single transaction or in several linked operations.
2. References in this Regulation to amounts in Euros shall comprise the equivalent in foreign currency.

Article 3. Excluded activities.

1. Foreign currency exchange which is ancillary to the licensee's main business is not subject to Law 10/2010 of 28 April, as provided in Article 2.3 thereof, when all of the following circumstances are present:

a) That the foreign currency exchange activity is verified solely as a service provided to customers of the main service.

b) That the amount exchanged per customer does not exceed EUR 1,000 in each calendar quarter.

c) Foreign currency exchange is limited in absolute terms, not exceeding the figure of EUR 100,000 per year.

d) The foreign currency exchange is ancillary to the main activity, understood as being that which does not exceed 5 percent of the annual business turnover.

2. Those notary or registration acts that lack economic or patrimonial content or that are not relevant for the purposes of prevention of money laundering and terrorist financing are also excluded. For this purpose, an Order of the Minister of Economy and Competitiveness shall establish a list of such acts.

CHAPTER II. DUE DILIGENCE.

SECTION 1. NORMAL DUE DILIGENCE MEASURES.

Article 4. Formal identification.

1. Obligated subjects shall identify and verify, through reliable documents, the identity of all those natural or legal persons intending to establish business relationships or to take part in any occasional transactions whose amount is equal to or greater than EUR 1,000, with the exception of payments of lottery prizes and other games of chance regarding which the identification and verification of identity will be mandatory for prices equal or greater than EUR 2,500, without prejudice to the provisions of Law 13/2011 of 27 May, on gambling regulation, and its implementing regulations.

In remittance transactions and transfer management the identification and verification of identity will be mandatory in all cases.

Identity verification shall not be mandatory for transactions when there are no doubts surrounding the identity of the party involved, when the party's involvement in the transaction is evidenced by the party's handwritten or electronic signature and that verification has been previously conducted when establishing the business relationship.

2. Identity shall be verified prior to establishing the business relationship or executing occasional transactions, without prejudice to the provisions of article 12 Law 10/2010 of 28 April.

Article 5. Formal identification in the insurance sector.

1. Subject to article 4.2, obliged subjects shall identify and check by means of reliable documents the identity of the policyholder, prior to formalising the contract.

2. Obligated subjects shall record the identity of the insurance beneficiary or beneficiaries as soon as they are designated by the policyholder. In the event of generically designated beneficiaries, either by a will or by other means, obliged subjects shall obtain the information required to establish the identity of the beneficiary at the time of payment.

In any case, the verification through reliable documents of the identity of the beneficiary or beneficiaries of a life insurance must be performed prior to paying the benefit resulting from the contract or to the exercise by the policyholder of the rights of surrender, deposit or pledge granted by the policy.

Information obtained shall be recorded and kept in accordance with the provisions of article 28.

3. Where it is not possible to apply the provisions of the preceding paragraph, obliged subjects shall carry out the special review referred to in article 17 of Law 10/2010 of 28 April.

Article 6. Reliable documents for formal identification.

1. The following documents shall be deemed reliable for the purposes of formal identification:

a) For individuals who are Spanish nationals, the national identity card.

For foreign individuals, the Residence Card, Foreign Identity Card, Passport or, in the case of citizens of the European Union or the European Economic Area, the official personal identity document, letter or card issued by the home authorities. The identity document issued by the Ministry of Foreign Affairs and Cooperation for diplomatic and consular personnel of third countries in Spain shall also be valid for the identification of foreign nationals.

Exceptionally, obliged subjects may accept other personal identification documents issued by a government authority provided they enjoy adequate guarantees of authenticity and show a photograph of the holder.

b) For legal persons, those public documents evidencing their existence, company name, legal form, registered address, identity of their directors, articles of association and tax identification number.

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In the case of legal persons with Spanish nationality, formal identification may be established with a certification from the Provincial Commercial Registry provided by the customer, or obtained online.

2. In cases of legal or voluntary representation, the identity of the representative and of the represented person or entity shall be verified through documentary evidence. For these purposes, a copy of the authentic document referred to in the preceding paragraph regarding the representative and the person or entity represented, as well as the public document certifying the powers conferred, are required. Verification through a certification from the Provincial Commercial Registry provided by the customer, or obtained online, will be admissible.

3. Obligated subjects shall identify and verify by means of reliable documents the identity of all those participating in unincorporated businesses. However, in the case of unincorporated businesses that do not conduct economic activities, the identification and verification through reliable documents proving the identity of the person acting on behalf of the entity will generally suffice.

In the case of investment funds, the obligation of identification and verification of identity will be carried out in accordance with article 40.3 Law 35/2003 of 4 November, on Collective Investment Institutions.

Obligated subjects shall request the founding document of Anglo-Saxon trusts or other similar legal instruments which, although without a legal personality, act in the course of trade, notwithstanding the identification and verification of the identity of the person acting on behalf of the beneficiaries or in accordance with the terms of the trust or legal instrument. For these purposes, the trustees shall report their status to obliged subjects when, as such, they wish to establish business relationships or intervene in any transaction. In those cases in which a trustee fails to declare his or her status as such and this circumstance is determined by the obliged subject, the business relationship shall be terminated, proceeding with the special review referred to in article 17 of Law 10/ 2010 of 28 April.

4. Identification documents must be in force at the time of establishing business relationships or when conducting occasional transactions. In the case of legal persons, the validity of data consigned in provided documentation will be accredited through an affidavit of the customer.

Article 7. Identification obligations of management companies of collective investment institutions.

Management companies of collective investment institutions will consider entities that distribute collective investment institutions as customers, as long as the later are obliged subjects in accordance with Law 10/2010 of 28 April, in relation to omnibus accounts referred to in article 40.3 Law 35/2003 of 4 November, on Collective Investment Institutions.

Article 8. Beneficial owner.

The following shall be considered beneficial owners:

- a) The natural person(s) on whose behalf a business relationship is to be established or a transaction conducted.
- b) The natural person(s) who ultimately own or control, directly or indirectly, more than 25 percent of the share capital or voting rights of a legal person, or who through agreements or statutory provisions or other means exercise direct or indirect control in the management of a legal person.

Obliged subject shall document the actions carried out to determine the individual who ultimately owns or controls, directly or indirectly, more than 25 percent of the share capital or voting rights of the legal person, or who by other means exercises direct or indirect control in the legal person and, where appropriate, the unsuccessful results thereof.

When there is no individual who owns or controls, directly or indirectly, more than 25 percent of the share capital or voting rights of the legal person, or who by other means exercises direct or indirect control in the legal person, the administrator(s) shall be deemed the beneficial owner(s). If the designated administrator is a legal person, control will be considered to be exercised by the natural person appointed by the legal person administrator.

Presumptions referred to in the previous paragraph will be applied notwithstanding evidence in contrary.

- c) The individual(s) who hold or exercise control over 25 percent or more of the assets of a legal instrument or person administering or distributing funds, or when the beneficiaries are yet to be determined, the category of persons for whose benefit the legal person or instrument was created or mainly acts. Where there is not an individual who directly or indirectly owns or controls 25 per cent or more of the assets mentioned in the preceding section, the natural person(s) ultimately responsible for the direction and management of the legal instrument or person, even through a chain of control or ownership, shall be considered the beneficial owner(s).

Beneficial owners are also those natural persons who own or control 25 per cent or more of the voting rights of the Board, in the case of a foundation, or of the representative body, in an association, taking into account the agreements or statutory provisions that may affect the determination of beneficial ownership.

Where there is not a natural person or persons who meet the criteria set out in the preceding paragraph, the board members and, in the case of associations, the members of the representative body or board shall be deemed the beneficial owners.

Article 9. Identification of the beneficial owner.

1. Obligated subjects shall identify the beneficial owner and take appropriate measures in accordance with the risks in order to verify his/her identity prior to establishing business relationships, executing wire transfers for an amount exceeding EUR 1,000 or performing other occasional transactions exceeding EUR 15,000.

The identification and verification of the beneficial owner's identity may be carried out, in general, by means of an affidavit by the customer or by the person representing the legal person. To this end, the administrators of companies or of other legal persons shall obtain and maintain appropriate, accurate and updated information on the beneficial ownership thereof.

Notwithstanding the preceding paragraph, the obliged subject must obtain additional documentation or information from reliable third party sources when the customer, the beneficial owner, the business relationship or transaction present higher than average risks.

2. Beneficial ownership shall in all events be evidenced by obtaining documentary proof or information from reliable third party sources in the following cases:

a) When there is circumstantial evidence that the beneficial owner's identity declared by the customer is not accurate or true.

b) When there are circumstances that require special review in accordance with article 17 of Law 10/2010 of 28 April, or suspicious transaction reporting pursuant to article 18 of Law 10/2010, of 28 April.

3. Obligated subjects shall take appropriate steps to determine the structure of ownership or control of legal persons and instruments and shall not establish or maintain business relationships with legal persons or instruments whose ownership or control structure has not been established.

For these purposes, obliged subjects shall request from their customers the information and documentation necessary to determine the ownership or control structure. In case of customer's reluctance or refusal to provide the required information or documentation, obliged subjects shall refrain from establishing or maintaining the business relationship or from executing the transaction.

4. Identification shall not be required regarding shareholders or beneficial owners of listed companies or of their majority owned subsidiaries, if these are subject to reporting obligations which ensure adequate transparency of their beneficial ownership.

5. In relation to Anglo-Saxon trusts, obliged subjects shall identify and take appropriate measures to verify the identity of the settler, the trustees, the protector, the beneficiaries or types of beneficiaries and of any other individual who exercises ultimate effective control over the trust, even through a chain of control or ownership. For beneficiaries

designated based on features or types, the required information must be obtained to establish the beneficiary's identity at the time of payment or when the beneficiary intends to exercise rights conferred.

In the event of legal instruments which are similar to Anglo-Saxon trusts, obliged subjects shall identify and take appropriate measures to verify the identity of persons holding equivalent or similar positions to those specified in the preceding paragraph.

6. To fulfil the identification and verification requirement regarding the beneficial owner's identity established in this article, obliged subjects may access the beneficial ownership database of the General Council of Notaries prior completing the relevant formalisation agreement in the terms provided for in article 8 of Law 10/2010.

Article 10. Purpose and nature of the business relationship.

1. Obligated subjects shall obtain information from their customers in order to know the nature of their business or profession. The activity declared by the customer shall be registered by the obliged subject prior to the beginning of the business relationship.

2. Obligated subjects shall verify the activities declared by the customers in the following cases:

a) When the customer or business relationship presents higher than average risks, by virtue of a regulatory provision or based on the obliged subject's risk analysis.

b) When monitoring of the business relationship shows that the customers' active or passive transactions are not consistent with their stated activity or operational background.

3. Measures to verify the declared professional or business activity will be graduated depending on the risk and will be based on the documentation provided by the customer, or on information from reliable third party sources. Obligated subjects may also check the customer's profession or business through physical visits to offices, warehouses or premises declared by the customer as the location where it pursues its business, making a written record of the result of the visit.

4. The activity declared shall be checked in all cases when there are circumstances that require special review in accordance with article 17 of Law 10/2010 of 28 April or suspicious transaction reporting under article 18 of Law 10/ 2010 of 28 April.

Article 11. On-going monitoring of the business relationship.

1. Obligated subjects shall scrutinise transactions conducted throughout the business relationship to ensure consistency with the customer's profession or business and its operational background. Obligated subjects shall increase monitoring when noting above-average risks based on a regulatory provision or on the obliged subject's risk analysis.

Scrutiny shall be comprehensive, covering all customer's products with the obliged subject and, where appropriate, with other group companies.

2. Obligated subjects shall periodically conduct review processes to ensure that documents, data and information obtained as a result of due diligence measures are updated and relevant.

Based on the risks, the manual referred to in article 31 shall determine the frequency of document review processes, being at least yearly for customers with a higher than average risk.

Article 12. Due diligence and non-disclosure obligations.

Regardless of any exception, exemption or threshold, if during the establishment or in the course of a business relationship or upon executing transactions there is indication or certainty of money laundering or terrorist financing, obliged subjects shall identify and verify the identity of the customer and the beneficial owner prior to complying with the provisions of articles 17 and 18 of Law 10/2010 of 28 April.

However, in these cases, obliged subjects shall take into account the risk of disclosure, whereby they may omit practicing the due diligence measures provided for in the preceding paragraph when they reasonably consider that this would reveal the review or reporting of the transaction to the customer or potential customer.

Article 13. Third party implementation of due diligence measures.

1. For the application of due diligence measures, obliged subjects may rely on third parties subject to obligations of prevention of money laundering and terrorist financing in the terms set out in article 8 of Law 10/2010 of 28 April.

2. The parties' respective obligations shall be included in a written formalisation agreement for third party implementation of due diligence measures. In accordance with such agreement, in all cases the obliged subject will require from the third party:

a) Immediate transmittal of customer information.

b) Immediate transmittal, if requested by the obliged subject, of copies of those documents accrediting provided customer information.

Formalisation agreements may cover all of the due diligence measures, except for the continuous monitoring of the business relationship, affecting all customer information held by the third party, by adopting general agreements; or only one or several specific elements of the customer due diligence, through the adoption of special agreements.

3. In any case, the obliged subject will check that the third party is subject to prevention of money laundering and terrorist financing obligations and is supervised in this area,

implementing reasonable measures to ascertain that the third party has adequate procedures for compliance with customer due diligence and record keeping measures.

4. Obligated subjects may accept due diligence measures carried out by their subsidiaries or branches domiciled in third countries provided that the group establishes and implements common measures for customer due diligence and recording of transactions, and have approved internal controls relating to money laundering and terrorist financing supervised by an internal control body empowered at group level.

Article 14. Agreements for the identification of politically exposed persons.

To determine a politically exposed person, family member or close associate status, obliged subjects may access files created under the provisions of article 15.1 of Law 10/2010 of 28 April by other obliged subjects, by centralised prevention bodies referred to in article 44 of this Regulation, or by third parties. In these cases, formalisation agreements shall include the respective obligations of the parties in order to comply with the limitations and requirements established by Law 15/1999 of 13 December, on Protection of Personal Data, and its implementing regulations, in particular in relation to security in the transmission of data and procedures to ensure that data contained in the files are updated.

SECTION 2. SIMPLIFIED DUE DILIGENCE MEASURES.

Article 15. Customers eligible for simplified due diligence measures.

Obligated subjects may apply, on a risk sensitive basis, simplified due diligence measures in respect of the following customers:

- a) Public law entities of Member States of the European Union or equivalent third countries.
- b) Companies or other legal persons controlled or majority owned by public entities of Member States of the European Union or equivalent third countries.
- c) Financial institutions, except payment institutions, domiciled in the European Union or in equivalent third countries that are subject to supervision to ensure compliance with obligations to prevent money laundering and terrorist financing.
- d) Branches or subsidiaries of financial institutions, except payment institutions, domiciled in the European Union or in equivalent third countries when they are subject by the parent company to procedures to prevent money laundering and terrorist financing.
- e) Listed companies whose securities are traded on a regulated market in the European Union or equivalent third countries and their branches and majority-owned subsidiaries.

Article 16. Products or transactions eligible for simplified due diligence measures.

Obligated subjects may apply, on a risk sensitive basis, simplified due diligence measures in respect of the following products or transactions:

a) Life insurance policies where the annual premium does not exceed EUR 1,000 or the single premium does not exceed EUR 2,500.

b) Instruments of complementary social welfare listed in article 51 of Law 35/2006 of 28 November, on Income Tax of Individuals and partial amendment of the Corporation Tax, Non-resident Income and Wealth, when liquidity is limited to the cases specified in the legislation on pension plans and funds and they may not be used as collateral for a loan.

c) Collective insurances that implement pension agreements referred to in the first additional provision of the Consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002 of 29 November when the following requirements are met:

1°. Implementing pension agreements that originate in a collective agreement or an employment regulation procedure, defined as the termination of employment relations under a collective dismissal in accordance with article 51 of the revised Workers' Statute or a court judgment in a bankruptcy proceeding.

2°. Not allowing the payment of premiums by the insured worker, which together with those paid by the insurance policyholder employer, reach an amount exceeding the limits set by article 52.1 (b) of Law 35/2006 of 28 November, on Income Tax of Individuals and partial amendment of the Corporation Tax, Non-resident Income and Wealth, for complementary social welfare instruments listed in article 51.

3°. That cannot be used as a guarantee for a loan and do not include other forms of surrender other than exceptional liquidity contained in the rules of pension plans or those listed in article 29 of Royal Decree 1588/1999 of 15 October, approving the Regulation on the implementation of the pension agreements between companies and employees and beneficiaries.

d) Life insurance policies solely insuring the risk of death, including those that also contemplate additional guarantees of financial compensation for permanent or partial, total or absolute disability or temporary disability, serious illness and dependency.

e) Electronic money when not rechargeable and the amount stored does not exceed EUR 250, or where, if it may be recharged, the total amount transacted in a calendar year is limited to EUR 2,500, unless the electronic money holder requests reimbursement of an amount equal to or greater than EUR 1,000 during the same calendar year. Electronic money issued upon receipt of the means of payment under article 34.2 (a) of Law 10/2010 of 28 April is excluded.

- f) Money orders of Public Administrations or their agencies and official money orders for Postal Service payments to and from the Postal Service itself.
- g) Collections or payments regarding commissions generated by tourism bookings not exceeding EUR 1,000.
- h) Consumer credit contracts for amounts under EUR 2,500 provided that the reimbursement is performed exclusively by debiting a bank account held by the debtor in a credit institution domiciled in the European Union or in equivalent third countries.
- i) Syndicated loans in which the agent bank is a credit institution domiciled in the European Union or in equivalent third countries, in respect of the participating entities that are not the agent bank.
- j) Credit card contracts for amounts less than EUR 5,000, when the amount withdrawn can only be refunded from an account held by the customer in a credit institution domiciled in the European Union or equivalent third country.

Article 17. Simplified due diligence measures.

1. In the cases provided for in the preceding articles, depending on the risk, obliged subjects may apply instead of the normal due diligence measures one or more of the following measures:

- a) Verifying the customer's or beneficial owner's identity only when a quantitative threshold is exceeded after the establishment of the business relationship.
- b) Reducing the frequency of the document review process.
- c) Reducing the monitoring of the business relationship and the scrutiny of transactions not exceeding a quantity threshold.
- d) Not collecting information on the customer's professional or business activity, inferring its purpose and nature on the basis of the type of transactions or business relationship established.

2. Simplified due diligence measures must be consistent with the risk. Simplified due diligence measures may not be applied or, where appropriate, their application shall be suspended when there is circumstantial evidence or certainty of money laundering or terrorist financing or where risks are above average.

Article 18. Retail.

1. For retail operations, obliged subjects listed in paragraphs (q) and (r) of article 2.1 of Law 10/2010 of 28 April, will conduct formal identification of customers as established in articles 4 and 6 of this Regulation and will keep documentation in the terms established in articles 28 and 29. Alternatively, the identification information of customers and

transactions may be recorded in a logbook, in physical or electronic format, which shall be available to the Commission for the Prevention of Money Laundering and Monetary Offences (hereinafter, the Commission), to its support bodies or to any other legally authorised public authority. For these purposes, the logbook referred to in article 91 of the Regulations of Law 17/1985 of 1 July, on articles made of precious metals, approved by Royal Decree 197/1988 of 22 to February, shall be deemed valid.

Application of the provisions under this section by obliged subjects of paragraphs (q) and (r) of article 2.1 of Law 10/2010, of 28 April, shall be deemed compliance with due diligence obligations for retail transactions.

2. For the purposes of this article retail is the sale to non-professional customers at establishments open to the public.

SECTION 3. ENHANCED DUE DILIGENCE MEASURES.

Article 19. Cases of application of enhanced due diligence measures.

1. Obligated subjects shall apply in addition to normal due diligence measures, enhanced due diligence in business areas, activities, products, services, distribution or marketing channels, business relationships and transactions that present a higher risk of money laundering or terrorist financing.

2. In any case, obliged subjects shall apply enhanced due diligence measures in the following cases:

a) Private banking services.

b) Remittance transactions whose individual amount or accumulated amounts per calendar quarter exceed EUR 3,000.

c) Foreign currency exchange transactions whose individual or aggregate amount per calendar quarter exceeds EUR 6,000.

d) Business relationships and transactions with companies with bearer shares, as long as they are permitted under article 4.4 Law 10/2010 of 28 April.

e) Business relationships and transactions with customers from high-risk countries, territories or jurisdictions or involving transfers of funds to or from such countries, territories or jurisdictions, including, in all cases, those countries in relation to which the Financial Action Task Force (FATF) require the application of enhanced due diligence measures.

f) Transfer of shares or stocks of pre-established companies. For these purposes, pre-established companies are those incorporated without a real economic activity for their subsequent transfer to third parties.

3. Notwithstanding the provisions of this article, obliged subjects will determine in the internal control procedures referred to in article 29, other situations which, based on their risk analysis, may require the application of enhanced due diligence measures.

For the determination of these higher risk cases, obliged subjects shall consider the following factors among others:

a) Customer characteristics:

1º. Customers not resident in Spain.

2º. Companies whose ownership and control structure is not transparent or it is unusual or overly complex.

3º. Asset holding companies.

b) Characteristics of the transaction, business relationship or distribution channel:

1º. Business relationships and transactions in unusual circumstances.

2º. Business relationships and transactions with customers who usually use bearer means of payment.

3º. Business relationships and transactions executed through intermediaries.

Article 20. Enhanced due diligence measures.

1. In cases of higher than average risk under the preceding article or which have been identified through the obliged subject's risk analysis, obliged subjects shall in all events check their customers' declared activities and the identity of the beneficial owner, as set out in articles 9.1 and 10.2.

Depending on the risk, in addition one or more of the following measures shall be applied:

a) Updating the data obtained in the customer acceptance process.

b) Obtaining additional documentation or information on the purpose and nature of the business relationship.

c) Obtaining additional documentation or information on the source of funds.

d) Obtaining additional documentation or information on the customer's source of wealth.

e) Obtaining documentation or information on the purpose of the transactions.

f) Obtaining senior management authorisation to establish or maintain the business relationship or to carry out the transaction.

g) Enhanced monitoring of the business relationship, increasing the number and frequency of controls applied and selecting transactional patterns for review.

h) Reviewing and documenting the consistency of the business relationship or transactions with the documents and information available on the customer.

i) Reviewing and documenting the economic logic of transactions.

j) Requesting that payments or deposits are made into an account in the customer's name at a credit institution domiciled in the European Union or in equivalent third countries.

k) Limiting the amount or nature of the transactions or the means of payment used.

2. Obligated subjects shall include the beneficiary of the life insurance policy as a relevant risk factor for purposes of deciding if enhanced due diligence measures should be applied. Where the beneficiary poses a higher than average risk, enhanced due diligence shall include appropriate measures to identify and verify the identity of the beneficial owner prior to paying the benefit resulting from the contract or to the policyholder's exercise of rights of surrender, deposit or pledge granted by the policy.

Article 21. Requirements for business relationships and transactions without physical presence.

1. Obligated subjects may establish business relationships or perform transactions via telephone, electronic or telematic means with customers who are not physically present, provided any of the following circumstances are present:

a) The customer's identity is evidenced in accordance with the provisions of applicable regulations on electronic signatures.

b) The customer's identity is evidenced by means of a copy of the relevant identity document as set out in article 6, provided that the copy is issued by a notary public.

c) The first deposit comes from an account in the customer's name at an entity domiciled in Spain, in the European Union or in equivalent third countries.

d) The customer's identity is evidenced by other secure procedures for customer identification in remote transactions, provided that such procedures have been previously authorised by the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences (hereinafter, the Executive Service of the Commission).

In any case, within one month of establishing the remote business relationship, obliged subjects shall obtain a copy of the necessary documents from the customer for purposes of due diligence.

2. Criteria for the accreditation of the identity of the customer in relation to obliged subjects subject to Law 13/2011 of 27 May, on gambling regulation, and its implementing

regulations, will be determined in the general licensing procedure by the Directorate General on Gambling Regulation, prior a positive opinion of the Executive Service of the Commission.

Article 22. High-risk countries, territories or jurisdictions.

1. Obligated subjects will consider the following as high-risk countries, territories or jurisdictions:

a) Countries, territories or jurisdictions that do not have appropriate systems for the prevention money laundering and terrorist financing.

b) Countries, territories or jurisdictions subject to sanctions, embargoes or similar measures adopted by the European Union, the United Nations or other international organisations.

c) Countries, territories or jurisdictions experiencing significant levels of corruption or other criminal activities.

d) Countries, territories or jurisdictions where the funding or support of terrorist activity is promoted.

e) Countries, territories or jurisdictions known to be significant offshore areas.

f) Countries, territories or jurisdictions that are considered tax havens.

2. For the determination of high-risk countries, territories or jurisdictions obligated subjects shall resort to credible sources, such as the Mutual Evaluation Reports of the Financial Action Task Force (FATF) or FATF-style Regional Bodies or reports from other international organisations.

The Commission shall publish guidelines to assist obligated subjects in determining geographical risk.

CHAPTER III. INFORMATION OBLIGATIONS.
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SECTION 1. REPORTING OBLIGATIONS.

Article 23. Alerts

Internal control procedures referred to in article 31 shall determine, on a risk sensitive basis, appropriate alerts by typologies, parties and amounts involved in the transactions. Alerts generated shall be reviewed in order to determine whether the transaction should undergo special review, in accordance with the provisions of article 25.

For obliged subjects with more than 10,000 transactions per year, the implementation of automated models for alert generation and prioritisation will be mandatory.

Alerts established in internal control procedures shall be reviewed regularly to ensure their continued adjustment to the characteristics and level of risk of the obliged subject's operation.

Article 24. Transactions potentially linked to money laundering or terrorist financing.

1. The provisions of the preceding article shall be without prejudice to the detection of high-risk operations by managers, employees and agents, for which purpose obliged subjects, as part of the internal control procedures referred to in article 29, shall proceed as follows:

- a) Internal dissemination of a list of transactions which may be related to money laundering or terrorist financing.
- b) Creation of a channel of communication with the internal control bodies, with precise instructions to managers, employees and agents on how to proceed in case of detecting any event or transaction that may be related to money laundering or terrorist financing.
- c) Adoption of a guidance form regarding the minimum content to be included in the internal reporting of transactions.
- d) Ensuring confidentiality of communications on high-risk transactions issued by employees, managers or agents.
- e) Providing appropriate training in accordance with the provisions of article 39.

2. The list of transactions which may be related to money laundering or terrorist financing shall include, in any case, among others, the following:

- a) Where the nature or volume of customers' active or passive transactions is not consistent with their activity or operational background.
- b) When the same account, without due cause, receives cash deposits from a large number of people or multiple cash deposits from the same person.
- c) Numerous transfers from various originators to a single beneficiary abroad or from a single originator abroad to several recipients in Spain without any apparent business relationship between the parties.
- d) Movements to or from high-risk territories or countries.
- e) Transfers not showing the originator's identity or the source account number.

f) Transactions with agents that, by their nature, volume, quantity, geographical location or other transactional characteristics differ materially from the usual or standard transactions within the industry or from the obliged subject's typical operation.

g) Transaction types established by the Commission. These transactions shall be published or disseminated to obliged subjects, either directly or through their professional associations.

Intended and not executed transactions, with the above mentioned characteristics, will also be included.

Article 25. Special review.

1. The special review process shall be performed in a structured way, documenting the phases of analysis, the procedures conducted and the sources of information consulted. In any case, the special review process shall be comprehensive and must analyse all related operation, all parties involved in the transaction and all relevant information held by the obliged subject and, where appropriate, by the corporate group.

2. Upon completion of the technical analysis, the representative to the Executive Service of the Commission shall promptly issue a grounded decision on whether or not the Executive Service of the Commission should be informed, depending on whether the transaction displays evidence or certainty of being linked to money laundering or terrorist financing.

Notwithstanding the preceding paragraph, the obliged subject's internal control procedure may establish that the decision be previously submitted to the internal control committee's consideration. In these cases, the internal control committee shall adopt a decision by a majority of votes, while the minutes shall expressly include the direction and grounds of each member's vote.

Reporting decisions shall in any case be subject to uniform criteria, including the grounds in the special review record.

In those cases where the transaction is detected through the internal reporting of an entity employee, agent or manager, the informant shall be communicated the decision on whether or not the transaction is to be reported.

3. Obligated subjects shall keep a record chronologically compiling for each special review file, among other information, the dates of file opening and closing, the reason for reviewing, a description of the transaction reviewed, the conclusion reached after review and the grounds thereof. It shall also include the decision to report or not to the Executive Service of the Commission and its date, as well as the reporting date where appropriate.

4. The special review records shall be kept by the obliged subject for a period of ten years.

Article 26. Suspicious transaction reporting.

1. Upon completion of the special review established in the preceding article, and having determined the existence of indication or certainty of money laundering or terrorist financing, a suspicious transaction report shall be promptly made using the channels and format established by the Executive Service of the Commission.
2. Notwithstanding such reporting having been made to the Executive Service of the Commission, the obliged subject shall immediately take additional risk management and mitigation measures, which must take into account the risk of disclosure.
3. Under the provisions of article 18.2 (f) of Law 10/2010 of 28 April, suspicious transaction reports shall include information on the decision adopted or expected to be adopted by the obliged subject regarding continuation or discontinuation of the business relationship with the customer(s) involved in the transaction, as well as the reasons for this decision. When the business relationship is not discontinued to avoid interfering with a case of controlled delivery under article 263 bis of the Criminal Procedure Law, this circumstance shall be explicitly mentioned.
4. When obliged subjects exempted from the obligation to appoint a representative to the Executive Service of the Commission report a suspicious transaction, they will mandatorily include in the report the identification data of the obliged subject, as well as the identification and contact data of its representative.

Article 27. Systematic reporting.

1. In any case, obliged subjects shall report on a monthly basis to the Executive Service of the Commission:
 - a) Transactions entailing the physical movement of coins, paper currency, traveller's cheques, cheques or other bearer documents issued by credit institutions, except those that are credited or debited to a customer's account, for amounts exceeding EUR 30,000 or the equivalent amount in foreign currency.
 - b) Obligated subjects that perform money remittances in the terms set out in article 2 of Law 16/2009 of 13 November, on payment services, shall report to the Executive Service of the Commission those transactions entailing the physical movement of coins, paper currency, travellers cheques, cheques or other bearer documents for amounts exceeding EUR 1,500 or the equivalent amount in foreign currency.
 - c) Transactions carried out by or with natural or legal persons who are resident, or those acting on their behalf, in territories or countries designated for that purpose by Order of the Minister of Economy and Competitiveness, as well as transactions involving transfers of funds to or from said territories or countries, irrespective of the residence of the persons involved, provided that the amount of those transactions exceeds EUR 30,000 or the equivalent amount in foreign currency.

- d) Transactions involving movements of means of payment subject to mandatory declaration under article 34 of Law 10/2010 of 28 April.
- e) Aggregate information about money remittance activity, as defined in article 2 of Law 16/2009 of 13 November, on payment services, broken down by country of origin or destination and by agent or place of business.
- f) Aggregate information on international transfers of credit institutions, broken down by country of origin or destination.
- g) Transactions specified by Order of the Minister of Economy and Competitiveness.

Obligated subjects shall not include in the monthly systematic reporting those transactions which are their own investment activity or collection of funds in international markets, or similar activities of customers having the status of financial institutions authorised to operate in the Union European or equivalent third countries.

In the absence of transactions requiring systematic reporting, obliged subjects shall notify this fact to the Executive Service of the Commission on a semi-annual basis.

2. The Executive Service of the Commission shall establish criteria to determine when, for the purpose of systematic reporting, several transactions should be added insofar as being considered instalments of a single operation.

3. Insurance brokers referred to in article 2.1 (b) of Law 10/2010 of 28 April, financial advisory companies and obliged subjects referred to in paragraphs (k) to (y), inclusive, of article 2.1 of the Law are exempted from the obligation of systematic reporting.

SECTION 2. RECORD KEEPING.

Article 28. Due diligence record keeping.

1. Obligated subjects shall keep all documents obtained or generated in the due diligence process, including, in particular, copies of verified identification documents, customer statements, documents and information provided by the customers or obtained from reliable third-party sources, contract documents and the results of any analysis carried out, for a period of ten years from the date of termination of the business relationship or occasional transaction execution.
2. Obligated subjects shall store the copies of the verified formal identification documents on optical, magnetic or electronic media.

The following documents may also be stored on optical, magnetic or electronic media: copies of the documents evidencing deposits, withdrawals or transfers of funds from an account in a credit institution, and those evidencing the order or receipt of transfers in payment entities or currency exchange transactions.

Exempted obliged subjects are those that, including agents, employ fewer than 10 persons and whose annual turnover or total annual balance does not exceed EUR 2 million, who may choose to keep hard copies of identification documents. This exception does not apply to obliged subjects who are part of a business group that exceeds these figures.

Article 29. Other record keeping obligations.

1. Obligated subjects shall keep documents and appropriate records of all domestic and international business relationships and transactions for a period of ten years from the date of termination of the business relationship or occasional transaction. Records should allow for the reconstruction of individual transactions to provide, if necessary, evidence at trial.

2. Obligated subjects shall keep for a period of ten years documents formalising compliance with their reporting and internal control obligations.

Article 30. Document requests from authorities.

The documentation and information obtained or generated by obliged subjects may be requested by the Commission, by its support bodies or any other legally authorised public authority or Judicial Police officer.

CHAPTER IV. INTERNAL CONTROL MEASURES.

SECTION 1. COMMON PROVISIONS.

Article 31. Internal control procedures.

1. Obligated subjects shall approve in writing and implement adequate policies and procedures for the prevention of money laundering and terrorist financing.

Insurance brokers and obliged subjects listed in article 2.1 (i) to (u), both inclusive, that, including agents, employ fewer than 10 persons and whose annual turnover or total annual balance does not exceed EUR 2 million, will be exempted from obligations referred to in this articles and in articles 32, 33, 35, 38 and 39. These exceptions do not apply to obliged subjects who are part of a business group that exceeds these figures.

2. Policies and procedures to prevent money laundering and terrorist financing shall be approved by the obliged subject's board of directors, and in the cases of article 2.1 (n) Law 10/2010 of 28 April, by Professional Associations. In the case of obliged subjects whose annual turnover exceeds EUR 50 million or whose general annual balance exceeds EUR 43 million, the procedures for the implementation of policies to prevent money laundering and terrorist financing may be approved by the internal control committee referred to in article 35.2.

3. The thresholds for determining the internal control measures applicable under this section and the requirements of record keeping referred to in article 28 shall be construed in accordance with the criteria set out in Recommendation 2003/361 of the Commission of 6 May 2003 concerning the definition of small and medium enterprises.

Article 32. Risk analysis.

1. Internal control procedures shall be based on a prior risk analysis to be documented by the obliged subject.

The analysis shall identify and assess the obliged subject's risks based on types of customers, countries or geographic areas, products, services, operations and distribution channels, taking into account variables such as the purpose of the business relationship, the level of customer assets, the volume of transactions and the regularity or duration of the business relationship.

2. The risk analysis shall be reviewed periodically and, in any case, when a significant change that could affect the obliged subject's risk profile is verified. The implementation and documentation of a specific risk analysis shall also be required prior to launching a new product, the provision of a new service, the use of a new channel of distribution, or the use of a new technology by the obliged subject, and appropriate measures to manage and mitigate the risks identified in the analysis must be taken.

Article 33. Prevention Manual.

1. The internal control procedures established by obliged subjects shall be documented in a manual for the prevention of money laundering and terrorist financing at least including the following aspects:

a) The obliged subject's customer acceptance policy, with an accurate description of customers potentially posing a higher than average risk based on a statutory provision or resulting from the risk analysis, as well as the mitigation measures, including, where appropriate, refusing business relations or transactions or the termination of the business relationship.

b) A structured due diligence procedure, including regular updating of required documentation and information. Updating shall in any case be mandatory when a relevant change is noted in the customer's activity that might affect his/her risk profile.

c) A structured procedure for the implementation of due diligence measures regarding existing customers based on risk, taking into account, where appropriate, measures previously applied and the adequacy of the data obtained.

d) A list of events or transactions which, due to their nature, may be related to money laundering or terrorist financing, establishing periodic reviews and dissemination to the obliged subject's managers, employees and agents.

e) A detailed description of the internal flow of information, with precise instructions to the obliged subject's managers, employees and agents on how to proceed in relation to events or transactions which, by their nature, may be related to money laundering or terrorist financing.

f) A procedure for detecting events or transactions subject to special examination, describing the software tools and applications implemented and alerts established.

g) A structured special review procedure precisely defining the stages of analysis and the information sources to be used, with written results of the review and decisions taken.

h) A detailed description of how the internal control bodies operate, including their composition, powers and meeting schedule.

i) Measures to ensure that the internal control procedures are known by the obliged subject's managers, employees and agents, including their regular dissemination and the implementation of training activities in accordance with an annual plan.

j) Measures to be adopted to verify compliance with internal control procedures by the obliged subject's managers, employees and agents.

k) Agent recruitment requirements and criteria, to comply with the provisions of Article 37.2.

l) Measures to be taken to ensure that the obliged subject's correspondents apply appropriate procedures for the prevention of money laundering and terrorist financing.

m) A procedure for the periodic verification of the adequacy and effectiveness of internal control measures. For obliged subjects with an internal audit department, the latter shall undertake this checking function.

n) Regular updating of internal control measures in the light of the developments observed in the sector and of the obliged subject's business and operational profile analysis.

ñ) A method of record keeping ensuring proper management and immediate availability.

2. Obligated subjects should carry out regular verification and updating of the manual referred as set down in paragraphs (m) and (n) of the preceding paragraph. The Executive Service of the Commission may inspect or monitor the effective implementation of the internal control measures provided for in the manual, in accordance with the provisions of article 47 of Law 10/2010 of 28 April.

Article 34. Adequacy of internal control procedures.

Internal control procedures must allow the obliged subject:

- a) To effectively centralise, manage, control and store documents and information on customers and transactions.
- b) To check the effective implementation of required controls and to enhance them if necessary.
- c) To adopt and implement enhanced measures to manage and mitigate higher risks.
- d) To accumulate the transactions in order to detect potential splitting of amounts and connected transactions.
- e) To determine, in advance, where due diligence and verification of customers' professional or business activities are required.
- f) To detect changes in customers' operational behaviour or inconsistencies with their risk profile.
- g) To prevent the execution of operations when the mandatory customer or transaction data are incomplete.
- h) To prevent the execution of transactions by persons or entities subject to a prohibition to operate.
- i) To select for analysis transactions based on predetermined alerts suited to their activity.
- j) To maintain direct communication between the internal control body and the commercial network.
- k) To quickly, safely and effectively respond to documentation and information requirements from the Commission, from its supporting bodies or other legally authorised public authority.
- l) To complete the systematic reporting of transactions to the Executive Service of the Commission or, where appropriate, the negative semi-annual reporting.

Article 35. Internal control bodies.

1. Obligated subjects shall appoint a representative to the Executive Service of the Commission, who shall be responsible for compliance with the reporting requirements set out in Law 10/2010 of 28 April. The representative may also appoint up to two authorised persons who will act under the direction and responsibility of the representative to the Executive Service of the Commission.

The proposal of appointment of the representative and, where appropriate, of those authorised, accompanied by a detailed description of their professional background, shall be sent to the Executive Service of the Commission, which may make grounded objections or observations. The Executive Service of the Commission shall also be

informed of the dismissal or substitution of the representative or authorised persons when of a disciplinary nature.

2. Obligated subjects shall establish an internal control committee for the implementation of procedures for the prevention of money laundering and terrorist financing.

The establishment of an internal control committee shall not be mandatory for obliged subjects that, including agents, employ fewer than 50 persons and whose annual turnover or total annual balance does not exceed EUR 10 million and in such cases the representative to the Executive Service of the Commission shall exercise its functions. This exception does not apply to obliged subjects who are part of a business group that exceeds these figures.

3. Obligated subjects whose annual turnover exceeds EUR 50 million or whose total annual balance exceeds EUR 43 million shall establish a technical unit for data processing and analysis.

The technical unit shall include experts, on a full-time basis and with appropriate training.

Article 36. Internal control measures at group level.

1. Obligated subjects that are part of a business group with majority-owned subsidiaries or branches domiciled in third countries, shall adopt policies for the prevention of money laundering and terrorist financing applicable to the whole group, aimed at complying with the provisions of Article 31.1 of Law 10/2010 of 28 April.

These policies shall include procedures for the exchange of information among group members establishing the appropriate cautions in relation to the use of exchanged information. When the information exchange is done with countries not providing an adequate level of protection in conformity with data protection regulations, such information exchange shall be made pursuant to rules adopted by the Spanish Data Protection Agency, in the terms established in Organic Law 15/1999 of 13 December, and its implementing regulations.

2. The internal control procedures shall be established at group level applying to all the obliged subject's majority-owned branches and subsidiaries domiciled in Spain.

The internal control procedures at group level should take into account the different business sectors, business models and risk profiles and provide for the exchange of information needed for integrated risk management. In particular, the group's internal control bodies should have unrestricted access to any information held by the subsidiaries and branches needed for the performance of their duties for the prevention of money laundering and terrorist financing.

3. For the purpose of this Regulation the group definition contained in article 42 of the Commercial Code shall apply.

To apply the thresholds under the exceptions of articles 31 and following to business groups, only those group subsidiaries and branches that are considered obliged subjects under article 2.1 of Law 10/2010 of 28 April shall be taken into account.

Article 37. Internal control measures applying to agents.

1. Obligated subjects, notwithstanding their direct liability, shall ensure that their agents effectively comply with applicable obligations for the prevention of money laundering and terrorist financing.

For these purposes, obliged subjects shall include agents within the scope of their internal control procedures. These procedures shall include, in particular, specific mechanisms for monitoring and controlling the agents' activities, adapted to the level of risk based on the specific characteristics of the agency relationship.

In those cases in which the obliged subject determines that an agent has seriously or systematically infringed internal control procedures, the agency agreement will be terminated, proceeding to review the agent's operation in accordance with article 17 of Law 10/2010 of 28 April.

2. The internal control procedures shall establish specific mechanisms to ensure the implementation of high ethical standards for agent recruitment.

The operative of new agents shall be subject to enhanced monitoring by the obliged subject.

3. Obligated subjects shall make available to the Commission, to its supporting bodies or other legally authorised public authority a comprehensive and updated list of agents, including all data necessary for proper identification and location.

4. The provisions of this article shall also apply to non-resident persons or entities developing, through agents, activities subject to obligations of prevention of money laundering and terrorist financing.

Article 38. External review.

1. External expert reports shall describe and assess the internal control measures of obliged subjects at a reference date, in accordance with article 28 Law 10/2010 of 28 April.

Reports should be issued, in any case, within two months of the reference date.

2. The obliged subject's board of directors shall promptly take the necessary measures to address the deficiencies identified in external expert reports.

In the case of deficiencies which are not immediately remediable, the obliged subject's governing bodies shall expressly adopt a remedy plan, setting a clear schedule for the

implementation of corrective measures. In general the schedule may not exceed one calendar year.

3. The external examination shall include all the obliged subject's majority-owned branches and subsidiaries. With regard to branches and subsidiaries located in third countries, the expert shall specifically verify the effective compliance with the provisions of article 31 of Law 10/2010 of 28 April.

4. In the case of centralised prevention bodies referred to in article 27 of Law 10/2010 of 28 April, the external expert shall describe and assess its operation and the adequacy of its human, material and technical resources.

Also, the external expert shall verify, through statistical sampling, the effective implementation of measures for the prevention of money laundering and terrorist financing by the centralised prevention body's professionals.

Article 39. Training.

1. Obligated subjects shall approve an annual training plan in prevention of money laundering and terrorist financing.

2. The training plan shall be based on identified risks in accordance with article 32, and shall provide specific training activities for the obliged subject's managers, employees and agents. Such training activities, which must be properly documented, shall be consistent with the degree of responsibility of the recipients and the level of risk of the activities developed.

3. Obligated subjects shall document the degree of execution of the training plan on a yearly basis.

The external review referred to in article 38 shall consider the suitability of the training conducted by the obliged subject.

4. Those obliged subjects not subject to the approval of an annual training plan, must accredit that the representative to the Executive Service of the Commission has received appropriate external training for the exercise of his/her functions.

Article 40. High ethical standards for employee, manager and agent recruitment.

1. Obligated subjects' procedures shall ensure high ethical standards in the recruitment of managers, employees or agents in conformity with article 30.3 Law 10/2010 of 28 April. To this purpose, the eligibility criteria set by applicable sector regulations will be applied.

2. In the absence of specific regulations, in order to establish if the obliged subject's managers, employees or agents meet such high ethical standards, their professional background shall be taken into account, assessing their observance of and respect for

commercial legislation or other laws governing economic activity and business life, as well as good practices within the sector concerned.

3. Under no circumstances shall such high ethical standards be deemed to be met when the employee, manager or agent:

a) Has a criminal record for intentional offenses against property, tax or social security fraud, crimes against the Public Administration or forgery.

b) Has been sanctioned in a final administrative decision with the suspension or dismissal from office for infringement of the provisions of Law 10/2010 of 28 April. This circumstance shall remain as long as the penalty applies.

SECTION 2. SPECIAL PROVISIONS.

Article 41. Internal control measures applied by the national administrator of the Registry of allowances provided for in Law 1/2005 of 9 March, regulating the greenhouse gases emission trading scheme.

1. The national administrator of the Registry of allowances provided for by Law 1/2005 of 9 March, regulating the emission trading scheme for greenhouse gases, shall appoint a representative to the Executive Service of the Commission who shall be responsible for compliance with the reporting obligations set out in Law 10/2010 of 28 April.

The representative to the Executive Service of the Commission shall have appropriate external training for the exercise of its functions.

2. The national administrator of the Registry of allowances provided for by Law 1/2005 of 9 March, regulating the emission trading scheme for greenhouse gases, shall adopt a procedure manual including:

a) The customer acceptance policy, developed in accordance with the restrictions set out in Commission Regulation (EU) No 389/2013 of 2 May 2013 establishing a Union Registry pursuant to Directive 2003/87/EC of the European Parliament and of the Council, Decisions No 280/2004/EC and No 406/2009/EC of the European Parliament and of the Council and repealing Commission Regulations (EU) No 920/2010 and No 1193/2011.

b) A list of events or transactions which, based on their nature, may be related to money laundering or terrorist financing, establishing their periodic review.

c) A procedure for detecting events or transactions subject to special review, with a description of the software tools or applications implemented and alerts established.

d) A structured special review procedure precisely defining the stages of analysis and information sources to be used with a written report of the review results and decisions adopted.

Article 42. Foundations and associations.

1. Foundations and associations shall identify and verify the identity of all persons receiving funds or resources gratuitously. When the nature of the project or activity make individual identification unviable or when the activity entails a low risk of money laundering or terrorist financing, the group of beneficiaries and counterparties or collaborators in the project or activity shall be identified.

2. Foundations and associations shall identify and verify the identity of all persons who provide funds or resources gratuitously in an amount exceeding EUR 100.

3. Notwithstanding the provisions of article 39 of Law 10/2010 of 28 April, and the obligations that may apply in accordance with their specific rules, foundations and associations shall implement the following measures:

a) Implementing procedures to ensure the suitability of members of the governing bodies and other positions of responsibility within the organisation.

b) Implementing counterparty due diligence procedures, including a suitable professional background and the honourable reputation of managers.

c) Implementing appropriate systems, depending on the risks, to control the effective performance of their activities and the proper allocation of the funds.

d) Keeping for a period of ten years documents or records evidencing the allocation of funds to different projects.

e) Reporting to the Executive Service of the Commission events that could constitute indication or evidence of money laundering or terrorist financing.

f) Cooperating with the Commission and its supporting bodies in accordance with article 21 of Law 10/2010 of 28 April.

4. Public Administrations or its subordinate bodies granting subsidies to associations and foundations, as well as Protectorates and bodies responsible for verifying the constitution of associations referred to in article 39 Law 10/2010 of 28 April, shall report to the Executive Service of the Commission those situations detected in the exercise of their powers that may be related to money laundering or terrorist financing. These organisations shall reasonably inform the Secretariat of the Commission when they detect breaches of the obligations under article 39 of Law 10/2010 of April 28, or of the provisions of this article.

Article 43. Internal control measures applicable to the payment of lottery or other gambling prizes.

1. Obligated subjects that manage, operate or market lotteries or other forms of gambling shall establish appropriate internal control procedures relating to prize payment transactions, which in any case shall include:

a) A procedures manual which shall at least comprise:

1°. Identification of the winners of lottery prizes amounting to EUR 2,500 or more, notwithstanding the provisions which, for the purpose of identifying gamblers, are laid down in Law 13/2011 of 27 May, regulating gambling and equivalent regulations of the Autonomous Communities.

2°. A list of risk transactions, paying particular attention to repetitive prize collection.

3°. A procedure for detecting events or transactions subject to special review, with descriptions of the implemented software tools or applications and alerts established.

4°. A structured special review procedure precisely defining the stages of analysis and information sources to be used, with a written report of the review results and the decisions adopted.

b) The appointment of a representative to the Executive Service.

c) An annual plan of training activities for employees.

2. The established internal control measures shall be subject to external review pursuant to article 38.

Article 44. Mandatory membership centralised prevention bodies.

1. Obligated subjects referred to in article 2.1 (n) of Law 10/2010 shall join the centralised prevention bodies established by their professional associations at the national level.

2. The centralised prevention bodies under this article shall exercise the following functions:

a) Reviewing, on behalf of member officials, those transactions involving circumstances foreseen by article 17 of Law 10/2010. The review can be conducted at the request of a member official or as a result of index or database analysis by the centralised prevention body. In any case, the member officials must inform the centralised prevention body, as soon as they become aware, of any event or transaction, regardless of the amount involved, which, based on its nature, may be linked to money laundering or terrorist financing.

b) Reporting, on behalf of member officials, those transactions referred to in article 18 of Law 10/2010. The report shall be directly issued by the representative of the centralised body to the Executive Service, informing the official involved. Exceptionally, the centralised prevention body may refrain from informing the official involved when so requested by the Executive Service or if it considers that it would jeopardise the investigation.

c) Obtaining information on the beneficial ownership resulting from acts involving member officials.

d) Approving the procedures for the effective application of the prohibition to operate, blocking measures or other restrictions or financial sanctions established by Community law or national law.

e) Responding to documentation and information requests from the Commission for the Prevention of Money Laundering and Monetary Offences, its supporting bodies, or any other legally authorised public authority or Judicial Police officers.

f) Performing risk analyses of the activity developed by the member officials, depending on the types of participants, geographical areas and transactions and their regular updating.

g) Informing the member officials on typologies and risk transactions.

h) Approving the internal control measures to be applied by the member officials which must be ratified by the highest decision-making body of their respective national professional association.

i) Supervising compliance with internal control procedures, by the member officials. For this purpose, the highest decision-making body of their respective national professional association shall approve the guidelines, frequency and content of inspections or specific verification actions to be carried out by the centralised body in coordination with other ordinary supervisory and control measures developed according to their regulatory standards. In any case, the specific results of this supervision shall be reported to the Executive Service of the Commission.

j) Developing training activities of the member officials and their staff. These activities shall be subject to an annual plan in accordance with the provisions of article 39.

k) Approving corrective measures for the data recorded by member officials in databases from which the information is sent to the supporting bodies of the Commission for the Prevention of Money Laundering by the centralised prevention body, to be ratified by national professional association.

3. The centralised bodies may request from the member officials any information or documents required for the development of its functions.

In the exercise of its review and reporting powers, the centralised prevention bodies shall act with full technical autonomy, and shall not seek or receive general or specific instructions from their respective professional associations.

4. The professional associations shall ensure that the centralised prevention bodies have the necessary human, material and technical resources for the proper performance of their duties.

The Executive Service of the Commission, without prejudice of its direct powers to supervise and inspect member officials, may verify the adequacy of centralised prevention bodies' internal control measures, as well as the suitability of the means allocated to them.

5. The decisions concerning the internal control procedures may be challenged by the member officials through a petition to the Chairman of the Commission for the Prevention of Money Laundering and Monetary Offences, whose decisions shall put an end to administrative proceedings.

6. Without prejudice of article 32.4 Law 10/2010 of 28 April, the centralised prevention bodies referred to in this article will be responsible for data processing undertaken on their own initiative or at the request of the Commission, its supporting bodies or any other legally competent public authority for the purposes of prevention of money laundering and terrorist financing.

Likewise, the centralised prevention bodies will be responsible for data processing undertaken in the exercise of their functions of risk analysis and supervision, as established in regulations for the prevention of money laundering and terrorist financing, as well as data processing directly derived from accessing and processing information of data contained in files under their responsibility, both in the framework of due diligence and special review and reporting obligations established in regulations for the prevention of money laundering and terrorist financing.

In cases referred to in the previous paragraph, article 12 Organic Law 15/1999 of 13 December will not be applicable to the activity of centralised prevention bodies.

CHAPTER V. OTHER PROVISIONS.

SECTION 1. MEANS OF PAYMENT.

Article 45. Seizure of means of payment.

1. Failure to submit the declaration when prescribed by article 34 of Law 10/2010 of 28 April, or the lack of accuracy of the reported data, provided that it is considered particularly relevant, shall determine the seizure by the acting customs or police officers of all the means of payment found, except for the minimum for survival amount determined by order of the Minister of Economy and Competitiveness.

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Means of payment shall also be seized when there are rational doubts about the veracity of the information provided in the declaration.

The means of payment seized shall be credited in its same currency to the accounts held by the Commission for the Prevention of Money Laundering and Monetary Offences with the Bank of Spain.

The seizure report, which shall be immediately notified to the Executive Service of the Commission for investigation and the Secretariat of the Commission for the initiation, where appropriate, of the relevant disciplinary procedure, must explicitly indicate whether the means of payment seized were found in a place or situation implying an attempt to conceal them. The seizure report is deemed valid evidence, notwithstanding evidence submitted by the interested parties in defence of their rights or interests.

2. Seizure shall likewise apply when, despite submission of the relevant declaration or not reaching the declaration threshold, there is evidence or certainty that the means of payment are related to money laundering or terrorist financing, whereby the payment means seized are deposited in the relevant Court Escrow Deposit Accounts.

The seizure report shall be immediately reported to the Executive Service of the Commission and to the relevant Courts or Tribunals for investigation.

When in the course of legal proceedings there is a breach of the declaration requirement provided for in the preceding article, the court or tribunal shall inform the Secretariat of the Commission, putting at its disposal the means of payment seized and not subject to criminal liability, proceeding as provided in the preceding paragraph.

3. In cases in which the seizure of means of payment does not apply, the acting customs or police officers shall conduct reporting procedures if they believe that the information could be relevant for tax or police-related purposes. Such procedures shall also be forwarded to the Executive Service of the Commission.

Article 46. Postal orders.

Declarations of means of payment shall not be valid regarding orders prohibited under postal regulations.

Notwithstanding the prohibitions established, means of payment found in postal orders shall be seized in the cases and terms set out in article 45.

SECTION 2. INTERNATIONAL FINANCIAL SANCTIONS AND COUNTERMEASURES.

Article 47. Authorisation of transfers of funds.

1. Subject to what is established in each case by Resolution of the Council of Ministers on the adoption of financial countermeasures adopted in the exercise of powers attributed by article 42.1 Law 10/2010 of 28 April, or by relevant community regulation, in the event of

financial flows subject to authorisation, the application for authorisation shall be filed by the financial institution which issues or receives the transfer of funds needing authorisation. In the application for authorisation, information regarding the originator, the beneficiary, the intervening financial institutions and the purpose of the transaction will be mandatorily included.

2. The competent authority in charge of authorising the transfer of funds subject to countermeasures is the Secretariat General of the Treasury and Financial Policy through the Deputy Directorate General for Inspection and Control of Capital Movements.

3. Authorisation will be denied if there are fund freezing measures adopted against any of the persons or entities participating in the transfer or when its purpose contravenes the prohibitions established in the applicable Resolution of the Council of Ministers or European Union Regulation.

4. Decisions by the Deputy Directorate General for Inspection and Control of Capital Movements may be appealed before the Secretariat General of the Treasury and Financial Policy, whose decisions shall put an end to administrative proceedings.

5. The authorisation procedure shall reach completion within six months of the application by the competent authority and shall be processed in accordance with the provisions of Law 30/1992 of 26 November, on the Legal Regime of Public Administrations and Common Administrative Procedure.

Article 48. Freezing or blocking funds or economic resources.

1. Funds and economic resources which shall be frozen and blocked are those owned, controlled or held by persons, entities or organisations in respect of which a European Union Regulation or Resolution of the Council of Ministers has established this restrictive measure.

2. The Secretariat General of the Treasury and Financial Policy shall be the competent authority in Spain in connection with the implementation of measures for freezing or blocking funds or economic resources under the terms provided for in this Regulation.

3. Once in force the European Union Regulation or Resolution of the Council of Ministers that establishes the freezing or blocking of funds or economic resources against a person, body or entity, such freezing measure shall be implemented immediately by any natural or legal person. Such freezing or blocking performed shall be immediately reported in writing to the Secretariat

General of the Treasury and Financial Policy, including all data relating to the holder, amount and nature of the funds or economic resources frozen or blocked and other relevant circumstances.

Article 49. Release of frozen or blocked funds or economic resources.

1. The Secretariat General of the Treasury and Financial Policy, through the Deputy Directorate General for Inspection and Control of Capital Movements, may authorise the release of certain frozen or blocked funds or economic resources, when the requirements set by the applicable European Union Regulation or the Resolution of the Council of Ministers are met.
2. The request to release the funds or economic resources shall be made, on the request of the owner, by the custodian of the frozen or blocked funds or economic resources to be released, who shall send it in written format to the competent authority.
3. The written request shall specify the applicable regulations and the circumstances justifying the request. The request shall also enclose a certified copy of all such documents relevant to the decision.
4. The procedure for the release of funds or economic resources shall be in accordance with the provisions of Law 30/1992 of 26 November, and a decision must be notified within six months of the request.
5. Decisions by the Deputy Directorate General for Inspection and Control of Capital Movements may be appealed before the Secretariat General of the Treasury and Financial Policy, whose decisions shall put an end to administrative proceedings.

SECTION 3. FINANCIAL OWNERSHIP FILE.

Article 50. Nature and Purpose of Financial Ownership File.

1. The Financial Ownership File is an administrative file created for the sole purpose of forestalling and preventing money laundering and terrorist financing.
2. The Secretary of State for Economy and Business Support will be responsible for the Financial Ownership File, acting the Executive Service of the Commission as the data processor on behalf of the former.

Article 51. Reporting by credit institutions.

1. Credit institutions, through their representative to the Executive Service of the Commission shall declare to that Service the opening or cancellation of any current accounts, savings accounts, securities accounts or time deposits, regardless of their trade name. The statements shall not include the accounts and deposits of branches or subsidiaries of Spanish credit institutions abroad.

The declaration shall include, in any case, the identification data of the holders, beneficial owners, representatives or authorised persons if any, and any other persons with powers of disposal, the opening or cancellation date, and the type of account or deposit. Identification data shall be considered the first and last name or the company name, and

the type and number of identity document. An instruction by the Secretary of State for the Economy and Business Support, with the prior opinion of the Spanish Data Protection Agency, may determine other identifying information to be declared for the proper identification of parties involved, accounts and deposits.

2. The declaration shall be made on a monthly basis, using the channels and format determined by the Executive Service of the Commission and shall include information concerning the opening, cancellation and changes to accounts and deposits and alterations in data as registered in the immediately preceding calendar month. The declaration shall be sent within the first ten calendar days of the following calendar month.

3. The reporting credit institutions shall be responsible for the quality, integrity and accuracy of the data declared, applying the necessary validation procedures at origin.

If omissions or errors are noted, the Executive Service of the Commission, notwithstanding any due liability, shall request the reporting credit institutions to immediately provide the data omitted or to revise the erroneous data reported. In addition, reporting entities when detecting errors in the information sent shall rectify erroneous data according to the procedure determined by the Executive Service of the Commission.

4. The declaration shall be without prejudice to the credit institutions' compliance with the remaining obligations for the prevention of money laundering and terrorist financing and in particular, suspicious transaction reporting obligations provided for in article 18 of Law 10/2010 of 28 April.

Article 52. Consulting and accessing the Financial Ownership File.

1. The Executive Service of the Commission, as data processor, shall establish the technical enquiry procedures for the Financial Ownership File. Access and enquiries made and their results shall have an electronic format.

Requests for data from the Financial Ownership File shall necessarily be filed through single access points designated for that purpose in the General Council of the Judiciary, the Public Prosecutor, the State Security Forces, the National Intelligence Centre and the Spanish Tax Administration Agency.

Each agency, through its single point of access, shall verify the identity of the applicant authority or official, checking their legal entitlement to request access and ensuring the relevance of applications, which must be properly motivated and are the responsibility of the applicant authority or official.

Each single point of access shall keep a detailed record of requests filed, in any case specifying the applicant authority or official and the reason of the request, if applicable, the identity of Judicial Authority or Public Prosecutor authorising access and the proceedings in which such decision was adopted.

Requests for Data from the Financial Ownership File shall identify the person or persons on whom information is requested, while open, generic or approximation searches shall not be allowed. An instruction by the Secretary of State for the Economy and Business Support, with the prior opinion of the Spanish Data Protection Agency, shall establish the minimum information requirements for the requests.

2. Without prejudice of information in relation to data contained in the Financial Ownership File provided at the request of competent authorities through their points of access, the Executive

Service of the Commission may consult data in the Financial Ownership File in the exercise of its functions. Reports displaying data from the Financial Ownership File included by the Executive Service of the Commission shall be considered financial intelligence reports for the purposes specified in Article 46 of Law 10/2010 of 28 April.

3. The Executive Service of the Commission shall keep a record of queries and access made in the exercise of its functions and via the single access points.

Article 53. Data protection.

1. The Financial Ownership File shall be subject to the provisions of Law 15/ 1999 of 13 December on the protection of personal data, and its implementing regulations.

The high-level security measures established in data protection regulations shall be applicable to the Financial Ownership File.

The provisions contained in paragraphs 2 and 3 of article 32 of Law 10/2010 of 28 April shall apply to the Financial Ownership File. However, credit institutions will inform holders, representatives and authorised persons of the data transfer to the File.

2. Data on accounts and deposits declared to the Financial Ownership File shall be deleted ten years after the cancellation of the current account, savings account, securities account or term deposit. Data on the parties involved shall be deleted ten years after the cancellation of the account or deposit or from the date on which the termination of owner, agent or representative status is reported.

3. The Spanish Data Protection Agency shall hold over the Financial Ownership File all powers conferred by the personal data protection legislation and in particular the power of inspection provided for in article 40 of Law 15/1999.

Article 54. Content of the Public Prosecution's function.

1. The State General Prosecutor shall appoint, in accordance with article 43.4 of Law 10/2010, of 28 April, the member of the Public Prosecution Service responsible for ensuring the proper use of the Financial Ownership File. The appointment will be communicated to the Prosecutorial Council.

2. The functions of the Public Prosecution Service include the authorisation of the list of single access points whose connection to the system shall be enabled by the Executive Service of the Commission, and checking that the queries or access to Financial Ownership File have been made by the authorities or authorised officers and for the purposes specified in the law. This verification shall be conducted in the manner provided in the following articles.

Article 55. Verification by the public prosecutor of the regularity of queries and accesses.

1. The Executive Service of the Commission shall permanently keep the query and access record provided for in paragraph 3 of article 51 available to the appointed prosecutor. Notwithstanding the foregoing, if for any reason the Executive Service of the Commission becomes aware that there has been an irregular query or access to the Financial Ownership File or access is requested outside the channel provided for in the preceding paragraphs, it shall report to the prosecutor or, where appropriate, to the single point in question.

2. The Prosecutor may audit the accesses to the Financial Ownership File as it deems necessary to control its proper use, for which purpose it shall have immediate access to the detailed access record which shall be kept at each access point as stated in the paragraph 1 of article 51. Likewise, access points shall provide the Prosecutor with any information and documentation requested by the latter, doing so themselves or through the Executive Service of the Commission, in order to audit the accesses. In any case, every six months the Executive Service will provide the Prosecutor a record of accesses performed.

3. Functions and controls established in this article will be understood without prejudice of information being equally at the disposal of the data protection competent authority for the exercise of competences conferred to it by Organic Law 15/1999 of 13 December or any other applicable specific regulation regarding data protection.

Article 56. Initiation of preliminary proceedings.

1. Where, based on the information submitted by the Executive Service of the Commission, the Prosecutor considers that there is evidence of an irregular query or access to the Financial Ownership File, he / she shall initiate preliminary proceedings which may last no longer than one year.

2. The Prosecutor may also initiate preliminary proceedings when by any other means it becomes aware of a possibly irregular query or access to the Financial Ownership File.

3. Preliminary proceedings shall aim to establish, as accurately as possible, the facts that may justify the initiation of a disciplinary proceeding due to irregular access or query, and to identify the person who might be responsible and establish the relevant circumstances of the case.

4. In the development of preliminary proceedings, the Prosecutor may request assistance as necessary from the Executive Service of the Commission, and may also request the full justification of the reasons for any query or access from any of the authorities or officials obtaining data from file Financial Ownership File. For these same purposes, it may address any entity holding information relating to the query or access under investigation for submission thereof.

Article 57. Results of the preliminary proceedings.

1. If the preliminary proceedings prove that the query or access investigated was irregular, the Prosecutor shall submit a copy of the proceedings to the body in charge of initiating the relevant disciplinary proceeding, unless the event is a criminal offence, in which case the proceedings shall be transferred to the competent prosecution or judicial body. In case there is evidence of breach of Law 15/1999 of 13 December, the facts will be immediately reported to the Spanish Data Protection Agency or competent data protection authority.

2. The competent authority to hold the subject responsible for the irregular query or access liable to disciplinary action shall initiate disciplinary proceedings, notifying the decision putting an end to the proceedings to the Prosecutor, who may contest the decision by filing an appeal for judicial review.

3. If the preliminary proceedings prove that the query or access was regular, the Prosecutor shall close the file.

SECTION 4. PENALTIES.

Article 58. Enforcement of penalties.

1. Final disciplinary rulings shall be enforced by the Secretariat of the Commission.

2. The collection of fines shall be undertaken by the Delegations of Economy and Finance in the voluntary payment period and by the State Tax Administration Agency in the enforcement period.

3. The penalty of public reprimand, once final in administrative proceedings shall be enforced in the manner provided in the decision. In any case, it shall be published in the Official Gazette and on the website of the Commission for the Prevention of Money Laundering and Monetary Offences, of the Executive Service of the Commission and the Secretariat General of the Treasury and Financial Policy.

Article 59. Enforcement of penalties for breach of the obligation to declare laid down in Article 34 of Law 10/2010 of 28 April.

Regarding proceedings for infringement of the declaration obligation under article 34 of Law 10/2010 of 28 April, the penalty shall be made effective in the amounts which, where applicable, were established as guarantee in accordance with article 61.2 of Law 10/2010

of 28 April. Where the amount of the penalty cannot be fully satisfied with the guarantee provided for the purpose, the second paragraph of article 58.2 of this Regulation shall apply.

SECTION 5. DATA PROTECTION.

Article 60. Use of data and security level in personal data processing.

1. Data obtained by obliged subjects to comply with due diligence obligations established by Law 10/2010 of 28 April and this Regulation will not be used without consent of the interested party for purposes other than those related to the prevention of money laundering and terrorist financing, unless the processing of such data is necessary for the normal management of the business relationship.
2. Obligated subjects will apply high-level security measures to data processing undertaken to comply with reporting obligations established in chapter III of this Regulation.
3. Processing undertaken to comply with due diligence duties will be subject to the level of security requested by applicable personal data protection regulations.

Article 61. Common files for compliance with preventive obligations.

1. In accordance with article 33.1 of Law 10/2010 of 28 April, in case of extraordinary risks identified through the analysis referred to in article 65.1 (e), the Commission, with the prior positive opinion of the Spanish Data Protection Agency, may authorise the exchange of information regarding certain categories of transactions or customers.
2. In accordance with article 33.2 of Law 10/2010 of 28 April, if transactions reported to the Executive Service and rejected by an obliged subject might, given their characteristics, be repeated with another obliged subject in identical or similar way, the Commission, with the prior positive opinion of the Spanish Data Protection Agency, may authorise obliged subjects the creation, directly or through their professional associations, of files for the exchange of such information.

Such systems must comply, at least, with the following requirements:

- a) Information to be included in the file will be limited to transactions previously reported to the Executive Service of the Commission and not returned by it when, once rejected by the reporting obliged subject, such transactions are vulnerable to be repeated with other obliged subjects.
- b) Data processing will be undertaken exclusively for the purpose of preventing or forestalling transactions linked with money laundering or terrorist financing. In particular, data contained in the file will not be incorporated into systems for the detection and prevention of fraud which are not related to the indicated matters.

c) Access to data contained in the files will be limited to those obliged subjects with whom the transactions to which the information refers might be repeated.

d) Only those who are part of the internal control bodies referred to in article 35 of this Regulation will access the file.

In any case, these files will be subject to the exemptions and obligations referred to in article 33.5 of Law 10/2010 of 28 April.

CHAPTER VI. INSTITUTIONAL ORGANISATION.
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Article 62. Commission for the Prevention of Money Laundering and Monetary Offences.

1. The Commission for the Prevention of Money Laundering and Monetary Offences is the body responsible for determining national policies to prevent money laundering and terrorist financing, and shall exercise the powers conferred to it in article 44.2 of Law 10/2010 of 28 April.

Such policies, which shall be regularly updated, shall be consistent with the identified risks of money laundering and terrorist financing.

2. The Commission shall act in Plenary and through the Standing Committee and the Committee of Financial Intelligence.

The Plenum of the Commission and its Committees shall be validly constituted on first call with the presence of the Chairman, the Secretary and at least half of its members, and, on second call, with the presence of a third of its members including the Chairman and Secretary.

3. The Commission and its Committees generally meet twice a year, without prejudice to any additional meetings when necessary.

Exceptionally, due to urgency, the Commission may adopt its decisions by written procedure. The Secretary, at the Chairman's order, shall address a letter to the members so that, within a minimum period of seven days, they state their agreement or disagreement with the proposed agreement under consideration.

4. Without prejudice of particularities established by this Regulation, the Commission will be ruled in accordance with chapter II, title II of Law 30/1992 of 26 November.

Article 63. Plenum of the Commission.

1. The Plenum of the Commission shall consist of the following members:

a) The Secretary of State for Economy and Business Support, who shall chair.

- b) The Secretary General of the Treasury and Financial Policy.
- c) The Chief Prosecutor against Drug Trafficking.
- d) The Chief Prosecutor against Corruption and Organised Crime.
- e) The Chief Prosecutor of the High Court.
- f) A member of the Council General of the Judiciary, designated by its President.
- g) The Secretary General of the Bank of Spain.
- h) The Director General of Supervision of the Bank of Spain.
- i) The Director General of the Legal Service of the National Securities Market Commission.
- j) The Director General of Insurance and Pension Funds.
- k) The Director General of Trade and Investment.
- l) The Director General of Registries and Notaries.
- m) The Director General of Foreign Policy and Multilateral, Global and Security Affairs.
- n) The Director of the Spanish Data Protection Agency.
- ñ) The Director of the Cabinet of the Secretary of State for Security.
- o) The Commissioner General of the Judicial Police.
- p) The Chief General of the Judicial Police of the Civil Guard.
- q) The Intelligence Director of the National Intelligence Centre.
- r) The Director of the Autonomous Basque Police - Ertzaintza.
- s) The Director General of Police of the Generalitat de Catalunya.
- t) The Director of the Regional Police of Navarra.
- u) The Director of the Department of Customs and Excise of the State Tax Administration Agency.
- v) The Director of the Department of Financial and Tax Inspection of the State Tax Administration Agency.
- w) The Director of the Executive Service of the Commission.

x) The Deputy Director General of Inspection and Control of Capital Movements of the Secretariat General of the Treasury and Financial Policy.

2. The status of Commission member is personal and non-delegable. However, when attendance is not possible, a representative of the institution to which the member belongs may attend the plenary session of the Commission, with the right to voice but not to vote.

Article 64. Standing Committee of the Commission.

1. The Standing Committee of the Commission shall exercise the following functions:

a) Guiding the action of the Executive Service of the Commission and approving its organisational structure and operational guidelines.

b) Approving at the proposal of the Executive Service of the Commission and, in the event of agreement, of the supervisory bodies of financial institutions, the Annual Inspection Plan of obliged subjects, which shall be confidential.

c) Addressing requests to obliged subjects regarding compliance with the obligations established by Law 10/2010 of 28 April

d) Initiating and, where appropriate, dismissing disciplinary proceedings for the commission of infringements under Law 10/2010 of 28 April, on the proposal from the Secretary of the Commission. Exceptions are disciplinary proceedings for breach of the obligation to declare movements of payment means whose initiation and, where appropriate, dismissal shall be conducted by the Secretariat of the Commission.

e) Submitting to the Plenum of the Commission on the proposal from the Secretary of the Commission, a proposed decision in disciplinary proceedings for serious and very serious offenses under Law 10/2010 of 28 April, with the exception of those relating to breach of the obligation to declare movements of payment means.

2. The Standing Committee of the Commission shall comprise the following members:

a) The Secretary General of the Treasury and Financial Policy, who shall chair.

b) A representative of the Bank of Spain.

c) A representative of the National Securities Market Commission.

d) A representative of the Directorate General of Insurance and Pension Funds.

e) A representative of the Secretary of State for Security.

f) A representative of the Directorate General of the Police.

- g) A representative of the Directorate General of the Civil Guard.
- h) A representative of the Department of Financial and Tax Inspection of the State Tax Administration Agency.
- i) A representative of the Department of Customs and Excise of the State Tax Administration Agency.
- j) A representative of the Special Prosecution Office against Drug Trafficking.
- k) The Director of the Executive Service of the Commission.
- l) The Deputy Director General of Inspection and Control of Capital Movements of the Secretariat General of the Treasury and Financial Policy.

The status of Standing Committee member does not require the previous status of member of the Plenum of the Commission. The representatives designated by the different institutions or their alternates must have the rank, at least, of Deputy Director General or equivalent.

Article 65. Financial Intelligence Committee.

1. The Financial Intelligence Committee is hereby established and, in general, it shall promote the activity of financial analysis and intelligence of the Executive Service of the Commission and shall be responsible for national risk analysis in money laundering and terrorist financing issues. In particular, the Financial Intelligence Committee shall perform the following functions:

- a) Approving on the proposal from the Executive Service of the Commission, the general criteria for dissemination of financial intelligence reports.
- b) Providing feedback to the Executive Service of the Commission by the recipient institution on the financial intelligence reports.
- c) Establishing, on the proposal from the Executive Service of the Commission, an assessment procedure for the institutions receiving the financial intelligence reports.
- d) Approving, on the proposal from the Executive Service of the Commission, general guidelines and directives on the subject of financial analysis and intelligence.
- e) Coordinating risk analysis activities regarding money laundering and terrorist financing, ensuring that such analyses are updated and relevant and that resources are used efficiently to mitigate the identified risks.
- f) Establishing appropriate mechanisms to provide information on identified risks to the competent authorities and obliged subject, either directly or through their professional

associations. Obligated subjects shall include this information to the risk analyses referred to in Article 32.

- g) Proposing to the Commission measures to mitigate the identified risks.
- h) Conducting studies on typologies of money laundering and terrorist financing, based on the strategic analysis carried out by the Executive Service of the Commission.
- i) Approving, on the proposal from the Executive Service of the Commission, guidelines and directives for obliged subjects in suspicious transaction reporting.
- j) Guiding and instructing the performance of the Cash Control Task Force or other groups whose creation may be decided by the Committee of Financial Intelligence.

2. The Financial Intelligence Committee shall include the following members:

- a) The Secretary General of the Treasury and Financial Policy, who shall chair.
- b) A representative of the Special Prosecution Office against Drug Trafficking.
- c) A representative of the Special Prosecution Office against Corruption and Organised Crime.
- d) A representative of the Prosecution Office of the High Court.
- e) A representative of the Bank of Spain.
- f) A representative of the Directorate General of the Police.
- g) A representative of the Directorate General of the Civil Guard.
- h) A representative of the Department of Customs and Excise of the State Tax Administration Agency.
- i) A representative of the Department of Financial and Tax Inspection of the State Tax Administration Agency.
- j) A representative of the National Intelligence Centre.
- k) A representative of the Centre of Intelligence against Organised Crime.
- l) The Director of the Executive Service of the Commission.
- m) The Deputy Director General of Inspection and Control of Capital Movements of the Secretariat General of the Treasury and Financial Policy.

The status of Financial Intelligence Committee member does not require the previous status of member of the Plenum of the Commission. The representatives designated by the different institutions or their alternates must have the rank, at least, of Deputy Director General or equivalent.

3. At the Financial Intelligence Committee's meetings the Director of the Executive Service of the Commission shall inform of suspicious transaction reporting trends, developments in reporting numbers and quality and the detection of any patterns of risk of money laundering and terrorist financing identified in the course of its activities.

4. Financial Intelligence Committee meetings may be attended by other experts, with voice but no vote, when the Chairman so deems in view of the issues on the relevant agenda.

Article 66. Secretariat of the Commission.

1. The Secretariat of the Commission shall be held by the Deputy Directorate General of Inspection and Control of Capital Movements of the Secretariat General of the Treasury and Financial Policy, and its Secretary is ex officio Secretary and Member of the Commission and of its Committees.

2. The Secretariat of the Commission shall perform the following functions:

a) Agreeing on the performance of preliminary proceedings prior to the initiation of disciplinary proceedings related to the commission of offenses listed under Law 10/2010 of 28 April.

b) Proposing to the Standing Committee the initiation or dismissal of disciplinary proceedings related to the commission of offenses under Law 10/2010 of 28 April, with the exception of disciplinary proceedings for infringement of obligation to report movements of means of payment.

c) Initiating and dismissing disciplinary proceedings for infringement of the obligation to report movements of means of payment provided for in article 34 of Law 10/2010 of 28 April.

d) Instructing disciplinary proceedings for offenses under Law 10/2010 of 28 April.

e) Submitting to the Standing Committee of the Commission a proposed decision in disciplinary proceedings for serious and very serious offenses under Law 10/2010 of 28 April, with the exception of those relating to breach of the obligation to declare movements of payment means.

f) Submitting to the Secretary General of the Treasury and Financial Policy a proposed decision in disciplinary proceedings for minor offenses under Law 10/2010 of 28 April, and for breach of the obligation to declare movements of payment means provided for in article 34 of Law 10/2010 of 28 April.

g) Coordinating the Spanish participation in international forums against money laundering and terrorist financing.

h) Drafting regulations on the prevention of money laundering and terrorist financing

3. The Secretary of the Commission shall also exercise the powers conferred with regard to international economic transactions and international financial sanctions, and may undertake appropriate inspection measures.

Article 67. Executive Service of the Commission.

1. The Executive Service of the Commission is the Spanish Financial Intelligence Unit and the only one in the country.

The Executive Service of the Commission is also the supervisory authority for the prevention of money laundering and terrorist financing and for the enforcement of the financial sanctions and countermeasures referred to article 42 of Law 10/2010 of April 28. Notwithstanding this, the supervisory bodies of financial institutions and the Commission for the Prevention of Money Laundering and Monetary Offences may enter into the supervisory Agreements referred to in article 44.2 (m) of Law 10/2010 of 28 April.

2. In the exercise of its supervisory powers and upon completion of the inspection report referred to in article 47.3 of Law 10/2010 of 28 April, the Executive Service of the Commission or the supervisory bodies referred to in Article 44 of the Law may submit a formal letter of recommendations in order to improve the adequacy of the internal control measures established by the obliged subject to comply with the obligations contained in Law 10/2010 of 28 April, and its implementing regulations. Based on the recommendations, obliged subjects shall develop a plan of action for the purpose of complying with their content, specifying the deadlines for implementation and application of each of the measures.

3. Without prejudice to the initiation of a sanction procedure, if appropriate, the Executive Service of the Commission or the supervisory bodies referred to in article 44 of Law 10/2010 of 28 April may propose to the Standing Committee the adoption of formal requests for the implementation of certain essential measures for the proper fulfilment of the obligations contained in Law 10/2010 of 28 April, or its implementing rules. The formal request shall set a deadline for compliance, after which, and failing the implementation of the measures imposed, the competent body shall initiate disciplinary proceedings in accordance with articles 51.1 (e) and 52.1 (w) Law 10/2010 of 28 April.

4. The Executive Service of the Commission shall submit, using protected, secure and exclusive channels, the relevant financial intelligence report to the competent investigating bodies upon noting the presence of evidence or certainty of money laundering or terrorist financing. Additionally, the Executive Service of the Commission may submit to the State Tax Administration Agency those reports in which fiscally relevant information is noted and shall respond to the information requests from legally authorised authorities.

In the exercise of its analytical and financial intelligence functions, the Executive Service of the Commission, notwithstanding the application of the general guidelines and directives of the Commission and its Committees, shall act with operational autonomy and independence. In particular, the Executive Service shall not seek or receive instructions from any authority regarding the analysis and dissemination of specific cases, which shall be based on strictly technical criteria.

5. Notwithstanding its operational analysis activity, the Executive Service of the Commission shall perform strategic analysis functions to identify patterns, trends and typologies, of which it shall inform the Financial Intelligence Committee, and the latter shall determine potential threats and vulnerabilities in a risk analysis which shall be the basis for the policies on the prevention of money laundering and terrorist financing referred to in article 62.1.

6. The information received, processed, maintained or disseminated by the Executive Service of the Commission shall be suitably protected. In particular, policies that ensure the security and confidentiality of this information, including proper procedures for its handling, filing, dissemination, protection and access shall be established.

7. The Director of the Executive Service of the Commission will exercise the direction of all personnel who renders their services to the said Service, regardless of their regime of attachment or organic dependency.

The Director of the Executive Service of the Commission, once appointed in accordance with article 44.2 (d) of Law 10/2010 of 28 April, shall be remunerated in an amount set by the Commission chargeable to the budget of the Executive Service of the Commission referred to in the fourth paragraph of article 45.3 of Law 10/2010 of April 28. In cases where the Director of the Executive Service is an employee of the Bank of Spain, the regime stipulated in the third paragraph of article 45.3 of Law 10/2010 of April 28 shall apply.

Likewise, the staff recruited by the Executive Service of the Commission shall also receive remuneration chargeable to the budget of the Executive Service of the Commission, a relationship subject to a labour regime. Recruitment procedures, which require the Commission's prior approval, shall be competitive and based on the principles of merit and ability.

The Bank of Spain, on a proposal from the Commission, may assign to the Executive Service of the Commission as many employees as are necessary for the exercise of the functions entrusted. Employees of the Bank of Spain assigned to the Executive Service of the Commission shall maintain their employment relationship with the Bank of Spain, governed by its specific regulations.

Article 68. Police units assigned to the Executive Service of the Commission.

1. The following police units shall be assigned to the Executive Service of the Commission:

a) The Central Financial Intelligence Brigade of the National Police.

b) The Investigation Unit of the Civil Guard.

2. The assigned police units under the functional dependence of the Directorate of the Executive Service of the Commission shall cooperate in the execution of the financial analysis and intelligence functions conferred to the Executive Service of the Commission by article 46 of Law 10/2010 of 28 April.

In the exercise of judicial police functions, the assigned police units shall be governed by the provisions of article 31.1 of the Organic Law 2/1986 of 13 March on the Security Forces.

3. The Interior Ministry, on a proposal from the Commission, shall assign as many National Police and Civil Guard officials to the police units attached to the Executive Service as deemed necessary for the exercise of the functions assigned to such units.

Article 69. Unit of the State Tax Administration Agency.

1. The State Tax Administration Agency, in the framework of its regulations on organic structure, will assign to the Executive Service of the Commission a Unit that, under the functional dependence of the Directorate of the Executive Service of the Commission, shall cooperate in the exercise of the financial analysis and intelligence functions conferred to the Executive Service of the Commission by Article 46 of Law 10/2010.

2. The State Tax Administration Agency, on a proposal from the Commission, shall assign to the attached Unit as many officials as deemed necessary for the exercise of the functions assigned to the Unit.