



# ACTIVITY REPORT

## 2020-21

**SEPBLAC**

## CONTENTS

<b>1. INTRODUCTION</b>	<b>2</b>
<b>2. ACTIVITY AS A FINANCIAL INTELLIGENCE UNIT</b>	<b>4</b>
2.1. Suspicious transactions reports	4
2.2. Incoming requests for information	6
2.3. International cooperation	7
2.4. Dissemination of financial intelligence reports	8
<b>3. ACTIVITY AS SUPERVISORY AUTHORITY</b>	<b>9</b>
3.1 Inspections	9
3.2 Supervisory actions	10
3.3 International cooperation in supervision	11
3.4 Authorisation or registration procedures	11
<b>4. OTHER ACTIVITY DATA</b>	<b>15</b>
4.1 Systematic reporting	15
4.2 AML/CTF queries	17
4.3 Centralized Banking Account Register	17

## 1. INTRODUCTION

The Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences (Sepblac) is Spain's financial intelligence unit (FIU) and supervisory authority for anti-money laundering and countering the financing of terrorism (AML/CFT). The combination of these functions creates significant synergies, has attracted international recognition and will be replicated in the structure of the future European anti-money laundering authority (AMLA).

The number of suspicious transactions reports received by Sepblac in its capacity as FIU has maintained an upward trend in recent years. This owes essentially to the inspections of numerous obliged entities conducted by Sepblac, the improvements implemented by the obliged entities in their prevention procedures, new categories of obliged entities being included in Law 10/2010 of 28 April, and the growing cooperation with FIUs in other countries.

With a view to manage the increase in incoming information and to secure efficiency gains, mainly to address the needs of recipients of the financial intelligence reports, Sepblac has implemented new internal procedures. In 2020, the most significant of these was *the basic intelligence analysis*, which groups information from the suspicious transactions reports – based on certain types of money-laundering risk – in specific reports that are sent to the competent authorities on a regular basis. In addition, in 2021 *the automatic identity cross-referencing system* was implemented with some authorities, allowing for better risk assessment, a more efficient allocation of the incoming information and resource optimisation during the analysis process.

These new procedures have meant major efficiency gains in Sepblac's reporting of financial information to the competent authorities for criminal investigations, since more information for external dissemination is received, the financial intelligence reports have higher quality and are more relevant to the recipients, and a higher number of requests for information from these authorities have been addressed, often to expand on the basic intelligence received.

The work conducted in recent years includes the bolstering of the number and depth of the *strategic analyses* conducted by Sepblac, focusing on new emerging risks or the periodic analysis of certain relevant risks, e.g. cash usage or real estate transactions.

Improving cooperation with obliged entities is also part of Sepblac's strategic actions. In this respect, in 2021 Sepblac introduced a *new suspicious transaction reports assessment system*, which includes new assessable concepts and allows obliged entities to base the detection of suspicious transactions on significance, e.g. their association with types of serious crimes or the identification of new types of transactions or organized schemes.

Likewise, *public-private cooperation* has been fostered, engaging the main public institutions involved in AML/CFT activities and the obliged entities. This cooperation involves information sharing on new AML/CFT risk trends and possible areas of improvement and cooperation, fostering dialogue to resolve situations that affect both parties and driving quality improvements in the incoming financial intelligence. Examples of this public-private cooperation include sectoral events, prevention fora, public-private exchanges on certain risk types, participation in training activities and the organisation of bilateral meetings.

In Sepblac's role as supervisory authority, there has been a marked increase in the number of supervisory actions. This essentially owes to the *new structured reporting requirement*, which since 2020 has been sent annually to credit institutions to request highly specific information on their activity and on compliance with due diligence, reporting and internal control obligations.

Further progress has been made to enhance cooperation with the Banco de España and the Directorate General Insurance and Pension Funds in the supervision and inspection of AML/CFT compliance by the obliged entities under their prudential supervision. In 2021, the Commission for the Prevention of Money Laundering and Monetary Offences (CPMLMO) signed new coordination agreements with these two authorities. In line with European Union (EU) regulatory requirements, such cooperation and coordination is important to optimise the respective functions, generate synergies and improve the risk-based approach in the supervision of all sectors and institutions. Also noteworthy are the efforts to prepare annual joint inspection plans based on common risk analysis.

*International cooperation* in supervisory tasks has intensified thanks to the European Banking Authority's (EBA) undertaking to lead, coordinate and oversee AML/CFT efforts in the European financial system and the preparation of the EU legislative package to combat ML/TF, including the establishment of the new AMLA authority. Sepblac has participated actively in high-level committee meetings, such as the Standing Committee on Anti-Money Laundering and its working groups. Likewise, information sharing and technical cooperation with other supervisors has been stepped up, especially in the framework of the AML/CFT supervisory colleges, both as organisers and participants in cooperation with the prudential supervisors.

Also of note is the increase in the number of authorisation procedures relating to financial institutions in which Sepblac has been involved at the request of the pertinent prudential supervisors and the General Secretariat of the Treasury and International Financing, which reports to the State Secretariat for Economic Affairs and Support to Enterprise. In these procedures, Sepblac is asked to assess the suitability of the applicant's AML/CFT procedures or the impact that granting the requested authorisation would have in terms of ML/TF risk. In addition, since 2020 it is mandatory to report any structural changes or amendments to articles of association at specialised lending institutions. Lastly, Sepblac has played an important role in the registration procedures for the Banco de España's register of providers engaged in exchange services between virtual currency and fiat currencies and custodian wallet providers, which were included as new obliged entities following the latest amendment of Law 10/2010 of 28 April, by Royal Decree-Law 7/2021 of 27 April.

Lastly, the Centralized Banking Account Register (in Spanish Fichero de Titularidades Financieras or FTF by its Spanish abbreviation), for which Sepblac acts as data processor<sup>1</sup>, has proved to be a very useful tool in the financial investigation conducted by the competent authorities, and internally in the generation of financial intelligence and the exercise of Sepblac's other essential functions, such as strategic analysis and supervision. Since its launch in 2016, the information recorded has been noteworthy in terms of its volume and quality, with data on more than 150 million accounts and deposits, of which more than 84 million are alive products, and nearly 60 million different persons. The accredited authorities make nearly 24,000 enquiries each year.

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<sup>1</sup> The FTF is a publicly held file under the responsibility of The State Secretariat for Economic Affairs and Support to Enterprise.

## 2. ACTIVITY AS A FINANCIAL INTELLIGENCE UNIT

Sepblac's essential function as a FIU is to receive suspicious transactions reports and, if there are any grounds for suspecting money laundering or terrorist financing, to generate financial intelligence for subsequent use by the competent investigating authorities, and to respond to the information requests submitted by these domestic authorities and the FIUs of other countries. The number of actions in 2020 and 2021 increased by 54% compared with 2019, reaching figures of close to 30,000 (some 15,000 each year). The analysis of suspicious transactions reports made up 81.1% of these actions and requests for information the remaining 18.9%.

### *Actions, by submission type*

	2019		2020			2021			Change 2021/2019 (%)
	No	%	No	%	Change (%)	No	%	Change (%)	
Suspicious transactions reports	7,590	78.8	12,683	84.6	67	11,459	77.4	-10	51
Incoming requests for information	2,031	21.2	2,305	15.4	13	3,337	22.6	45	64
<b>Total</b>	<b>9,621</b>	<b>100</b>	<b>14,988</b>	<b>100</b>	<b>56</b>	<b>14,796</b>	<b>100</b>	<b>-1</b>	<b>54</b>

### 2.1. Suspicious transactions reports

Sepblac analyses the suspicious transactions reports submitted by obliged entities, international FIUs and other authorities, and, to a lesser extent, the Sepblac alerts to conduct financial intelligence analyses. These have followed an upward trend in the last two years, with a total increase of 51% and amounting to around 12,000 reports annually.

### *Suspicious transactions reports analysed, by origin*

	2019		2020			2021			Change 2021/2019 (%)
	No	%	No	%	Change (%)	No	%	Change (%)	
Financial obliged entities	6,184	81.6	10,553	83.2	71	9,139	79.8	-13	48
Non-financial obliged entities	1,041	13.7	1,556	12.3	49	1,522	13.3	-2	46
International cooperation	251	3.3	379	3.0	51	569	5.0	50	127
Sepblac (alerts)	56	0.7	53	0.4	-5	63	0.5	19	13
Other reporting parties	58	0.8	142	1.1	194	166	1.4	18	186
<b>Total</b>	<b>7,590</b>	<b>100</b>	<b>12,683</b>	<b>100</b>	<b>67</b>	<b>11,459</b>	<b>100</b>	<b>-10</b>	<b>51</b>

Obliged entities are the source for the majority of the incoming suspicious transactions reports analysed by Sepblac, accounting for around 94.3% of the total in the last two years. The financial sector is prominent in this group, making up 86% of the total, compared with 14% for non-financial obliged entities. Both categories have seen increases of more than 40%. Suspicious transactions reports from other countries' FIUs – within the framework of international cooperation – make up a smaller share of the total (around 3.9%), but have grown significantly (by 127%). Sepblac alerts increased by 13%, mainly on account of the strategic actions conducted by Sepblac on different types of material or emerging risks.

**Suspicious transactions reports, by type of financial obliged entity**

	2019			2020				2021			
	STRs	%	OEs	STRs	%	Change (%)	OEs	STRs	%	Change (%)	OEs
Banks and savings banks	4,735	76.6	37	7,289	69.1	54	37	5,542	60.6	-24	35
Credit cooperatives	214	3.5	22	328	3.1	53	29	316	3.5	-4	25
Other credit institutions	355	5.7	24	1,633	15.5	360	27	1,101	12.0	-33	24
Insurance (life and unit-linked) companies	14	0.2	9	13	0.1	-7	10	16	0.2	23	10
Life and unit-linked insurance brokers	1	0.0	1	1	0.0	0	1	3	0.0	200	2
Investment services companies	7	0.1	7	16	0.2	129	10	19	0.2	19	13
Collective investment management companies	4	0.1	3	2	0.0	-50	2	1	0.0	-50	1
Pension fund management companies	1	0.0	1	1	0.0	0	1				
Venture capital management companies	1	0.0	1	1	0.0	0	1	1	0.0	0	1
Mutual guarantee companies	4	0.1	3	8	0.1	100	4	15	0.2	88	5
Payment institutions	741	12.0	21	939	8.9	27	25	1,538	16.8	64	36
Specialised lending institutions	28	0.5	7	20	0.2	-29	9	23	0.3	15	9
Electronic money institutions	69	1.1	4	292	2.8	323	6	542	5.9	8	9
Currency-exchange bureaux	4	0.1	2	7	0.1	75	5	6	0.1	-14	6
Virtual currency services								10	0.1		3
Other financial obliged entities	6	0.1	1	3	0.0	-50	2	6	0.1	100	1
<b>Total</b>	<b>6,184</b>	<b>100</b>	<b>143</b>	<b>10,553</b>	<b>100</b>	<b>71</b>	<b>169</b>	<b>9,139</b>	<b>100</b>	<b>-13</b>	<b>180</b>

In the last two years, commercial and savings banks continued to account for the bulk of suspicious transactions reports in the financial sector (65.2% of the sector total). The group “other credit institutions” includes the branches in Spain of credit institutions based in the EU or elsewhere, which submitted 13.9% of the reports. Payment institutions (12.6%) and electronic money institutions (4.2%) also stand out. In 2021, providers engaged in exchange services between virtual currency and fiat currencies and custodian wallet providers became obliged entities (new subparagraph z of Law 10/2010 of 28 April, introduced by Royal Decree-Law 7/2021 of 27 April) and have submitted ten reports. In the last two years, the sharpest increases in the number of suspicious transactions reports were in those from electronic money institutions (up by more than 680%) and those from other credit institutions (by more than 200%).

**Suspicious transactions reports, by type of non-financial obliged entity**

	2019			2020				2021			
	STRs	%	OEs	STRs	%	Change (%)	OEs	STRs	%	Change (%)	OEs
Postal services								4	0.3		1
Non-real estate credit	44	4.2	3	42	2.7	-5	6	88	5.8	110	7
Real estate credit	1	0.1	1	6	0.4	500	1				
Property developers	44	4.2	24	42	2.7	-5	26	50	3.3	19	29
Real estate intermediaries	24	2.3	8	59	3.8	146	9	50	3.3	-15	7
Statutory auditors	5	0.5	5	4	0.3	-20	4	2	0.1	-50	1
External accountants	1	0.1	1								
Tax advisers	4	0.4	4	26	1.7	550	15	23	1.5	-12	20
Notaries	516	49.6	1	763	49.0	48	1	592	38.9	-22	1
Registrars	189	18.2	1	199	12.8	5	2	238	15.6	20	1
Lawyers	23	2.2	20	33	2.1	43	24	17	1.1	-48	17
Company service providers	1	0.1	1	2	0.1	100	2				

Casinos	8	0.8	6	2	0.1	-75	1	7	0.5	250	4
Jewellery, precious stones and metals trade	6	0.6	5	37	2.4	517	9	105	6.9	184	5
Art or antiques				4	0.3	100	2				
Cash-in-transit services	45	4.3	2	51	3.3	13	1	26	1.7	-49	1
Lotteries and similar	113	10.9	14	238	15.3	111	19	275	18.1	16	19
Gambling	12	1.2	1	41	2.6	242	4	42	2.8	2	7
Trade in goods	2	0.2	2	2	0.1	0	1				
Foundations and associations	3	0.3	1	5	0.3	67	3	3	0.2	-40	3
<b>Total</b>	<b>1,041</b>	<b>100</b>	<b>100</b>	<b>1,556</b>	<b>100</b>	<b>49</b>	<b>130</b>	<b>1,522</b>	<b>100</b>	<b>-2</b>	<b>123</b>

In the last two years, in the category of non-financial obliged entities, notaries and mercantile and property registrars (which submit reports to Sepblac through their respective centralised prevention bodies)<sup>2</sup> represented the largest percentage (58.2% of the total, of which notaries represent 44% and registrars 14.2%), followed by lotteries and similar (16.7%), non-real estate credit services (4.2%), jewellery, precious gems and metals traders (3.6%), real estate intermediaries (3.5%) and property developers (3%). In terms of the largest changes in the last two years, the obliged entities operating in jewellery, precious stones and metals stand out (up by 1,650%), along with tax advisers (475%) and the gambling category (250%), while the sharpest decline came in cash-in-transit companies (-42%).

## 2.2. Incoming requests for information

Sepblac receives different requests for information from police authorities, tax agency, judicial authorities, other competent bodies and the FIUs of other countries. Likewise, in relation to the powers of customs officials and police officers to control and seize means of payment when verifying compliance with the obligation to report such movements, Sepblac is sent cash seizure records for investigation in the event of non-compliance (when cash movement reports have not been filed). Cooperation requests have increased significantly in the last few years (63% in 2019-2021).

### *Incoming information requests, by origin*

	2019		2020			2021			Change 2021/2019 (%)
	No	%	No	%	Change (%)	No	%	Change (%)	
Law enforcement authorities	580	28.6	960	41.6	66	1,866	55.9	94	222
International cooperation	740	36.4	769	33.3	4	910	27.3	18	23
Means of payment actions	529	26.0	364	15.8	-32	401	12.0	10	-26
Tax agency	89	4.4	128	5.6	44	98	2.9	-23	10
Judicial authorities and public prosecutors	23	1.1	19	0.8	-17	18	0.5	-5	-22
Other requesting parties	70	3.4	65	2.8	-7	44	1.3	-32	-37
<b>Total</b>	<b>2,041</b>	<b>100</b>	<b>2,305</b>	<b>100</b>	<b>13</b>	<b>3,337</b>	<b>100</b>	<b>45</b>	<b>63</b>

Requests from law enforcement authorities are notable both in terms of number (50.1% of the total) and their change (up more than 220% in the past two years). These are followed by requests for information received from the FIUs of other countries in the framework of international cooperation (up 23%). Actions in relation to means of payment have been on a declining

<sup>2</sup> For notaries, the General Council of Notaries Centralised Prevention Body, and for registrars, the Registrar Anti-Money Laundering Centre.

trajectory (down 24%), which is consistent with the context of the pandemic and the attendant restrictions. This led to a 29% decrease in seizures at the border, while those within the country were up 28%.

**Means of payment actions, by type**

	2019	2020		2021		Change 2021/2019 (%)
	No	No	Change (%)	No	Change (%)	
Means of payment actions at the border	483	303	-37	342	13	-29
Means of payment actions within the country	46	61	33	59	-3	28
<b>Total</b>	<b>529</b>	<b>364</b>	<b>-31</b>	<b>401</b>	<b>10</b>	<b>-24</b>

**2.3. International cooperation**

Sepblac shares information with the FIUs of other EU Member States and non-member countries, pursuant to European regulations and the Egmont Group principles, or the terms of memoranda of understanding, respectively. This information sharing may be through information requests to supplement or corroborate - with information from the relevant country - an assessment conducted by the FIU concerned, or, if certain information is of interest to the FIU of another country, through a spontaneous communication. Likewise, it should be noted that Sepblac has the power to suspend an ongoing transaction at the request of an FIU of another EU Member State. These requests have increased significantly in recent years.

**International cooperation**

	2019	2020		2021		Change 2021/2019 (%)
	No	No	Change (%)	No	Change (%)	
Incoming requests for information	740	769	4	910	18	23
Incoming reports of suspicious transactions	251	379	51	569	50	127
Outgoing requests for information	202	272	35	298	10	48
Outgoing reports of suspicious transactions	122	57	-53	23	-60	-81
Requests to suspend transactions	31	42	35	96	129	210
<i>Number of bank accounts affected</i>	47	59	26	167	183	255
<i>Total amount (€)</i>	3,825,698	3,138,051	-18	4,166,852	33	9

Sepblac receives more information requests than it issues to third countries, although in the last two years outgoing requests have increased (48%) faster than incoming requests (23%). More than 2,400 information requests have been received from 122 FIUs. The following countries' FIUs made the most requests: United Kingdom (290), Germany (256), France (166), the Netherlands (158), Luxembourg (138), Italy (114), Finland (90), Malta (69), the United States (61) and Russia (51). Conversely, Sepblac has sent more than 770 requests to 89 FIUs of other countries, including Germany (54), United Kingdom (54), Portugal (37), Italy (36), France (35), the Netherlands (32), Switzerland (32), Belgium (26), Luxembourg (24) and Poland (23).

Since 2019, at total of nearly 1,200 communications have been received from other FIUs (70 in total), including Germany (204), Luxembourg (189), Malta (164), Jersey (75), Liechtenstein (58), United Kingdom (58), Gibraltar (50), Belgium (32), Switzerland (29) and the Isle of Man (25). Sepblac has sent more than 200 suspicious transactions reports to 35 FIUs, notably to France (48), Portugal (32), United Kingdom (27), Italy (24) and Mexico (13).



Requests to suspend transactions sent by the FIUs of other EU Member States have increased considerably in the last two years, both in terms of the number of requests (210%) and the number of bank accounts subject to suspension requests (255%). Since 2019, Sepblac has received more than 160 transaction suspension requests from 22 different countries, led by Finland (43), Germany (20), Slovenia (19), Luxembourg (13), Lithuania (14) and France (12).

#### 2.4. Dissemination of financial intelligence reports

Sepblac elaborates financial intelligence reports and, when it has grounds for suspecting money laundering or terrorist financing, it sends these reports to the competent domestic and international authorities for their use and investigation. Likewise, it responds to all information requests that it receives within its field of legal competence.

*Financial intelligence reports, by destination*

	2019		2020			2021			Change 2021/2019 (%)
	No	%	No	%	Change (%)	No	%	Change (%)	
Law enforcement authorities	9,006	72.7	9,775	75.0	9	6,476	65.0	-34	-28
Tax agency	1,762	14.2	1,947	14.9	10	1,803	18.1	-7	2
International cooperation	847	6.8	792	6.1	-6	1,072	10.8	35	27
Secretariat of the CPMLMO	549	4.4	302	2.3	-45	425	4.3	41	-23
Judicial authorities and public prosecutors	82	0.7	64	0.5	-22	62	0.6	-3	-24
Other recipients	141	1.1	151	1.2	7	118	1.2	-22	-16
<b>Total</b>	<b>12,387</b>	<b>100</b>	<b>13,031</b>	<b>100</b>	<b>5</b>	<b>9,956</b>	<b>100</b>	<b>-24</b>	<b>-20</b>

In the last two years, nearly 23,000 financial intelligence reports have been prepared. Law enforcement authorities remain the primary recipients (70.7% of the total). However, the number of reports issued has declined by 28% owing mainly to improvements in internal procedures, essentially in basic analysis and the cross-referencing of identities with police databases. Next is the Tax agency (16.3% of the total, which has seen the number of reports it receives grow annually - up by 2% between 2019 and 2021). International cooperation, which recorded an increase of 27%, represents 8.1% of the total. Lower percentages are accounted for by the Secretariat of the CPMLMO, judicial authorities and public prosecutors, and other recipients.

### 3. ACTIVITY AS SUPERVISORY AUTHORITY

Sepblac is the authority entrusted with the supervision and inspection of compliance by the obliged entities with their AML/CFT obligations. It performs this work through inspections and supervisory actions, international cooperation and participation in administrative procedures relating to the authorisation or registration of certain categories of obliged entities.

#### *Actions as supervisory authority, by typology*

	2019		2020			2021			Change 2021/2019 (%)
	No	%	No	%	Change (%)	No	%	Change (%)	
Inspections	63	14.6	57	10.8	-10	30	4.8	-47	-52
Supervisory actions	33	7.7	209	39.7	533	205	32.7	-2	521
International cooperation	26	6.0	45	8.5	73	113	18.1	151	335
Authorisation or registration procedures	309	71.7	216	41.0	-30	278	44.4	29	-10
<b>Total</b>	<b>431</b>	<b>100</b>	<b>527</b>	<b>100</b>	<b>22</b>	<b>626</b>	<b>100</b>	<b>19</b>	<b>45</b>

#### 3.1 Inspections

The inspections performed by Sepblac (or by financial supervisors where agreements are in place) are in accordance with the annual plan approved by the CPMLMO. According to the supervisory strategy, the following are taken into account when drawing up annual inspection plans: i) the distinction between financial institutions subject to prudential supervision and other obliged entities; ii) the considerable disparity in the economic significance of the various obliged entities; and iii) their differing exposure to ML/TF risk. The inspections are preferably thematic in nature: the scope of the inspections refers to the verification of compliance, for certain specific areas, with obligations under AML/CFT regulations and is the same for all obliged entities inspected in any given sector of activity. This provides an overall picture of each inspected sector and at the same time allows a comparison of the results of the various inspections of obliged entities comprising these sectors.

#### *Inspections of financial obliged entities*

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
Banks and savings banks	6	11.5	3	12.5	-50	3	16.7	0
Credit cooperatives			6	25.0		5	27.8	-17
Other credit institutions	8	15.4	1	4.2	-88	1	5.6	0
Insurance (life and unit-linked)	1	1.9	6	25.0	500			
Investment services companies			6	25.0				
Collective investment management companies	1	1.9						
Mutual guarantee companies						2	11.1	
Payment institutions	36	69.2	2	8.3	-94	1	5.6	-50
Specialised lending institutions						2	11.1	
Electronic money institutions						2	11.1	
Currency-exchange bureaux						2	11.1	
<b>Total</b>	<b>52</b>	<b>82.5</b>	<b>24</b>	<b>42.1</b>	<b>-54</b>	<b>18</b>	<b>60.0</b>	<b>-25</b>

#### *Inspections of non-financial obliged entities*

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
Property developers	2	18.2	13	39.4	550			
Statutory auditors			10	30.3				
Notaries						3	25.0	
Registrars						1	8.3	
Lawyers	3	27.3	10	30.3	233	2	16.7	-80
Casinos						2	16.7	
Jewellery, precious stones and metals trade						2	16.7	
Cash-in-transit services	2	18.2						
Gambling	4	36.4				2	16.7	
<b>Total</b>	<b>11</b>	<b>17.5</b>	<b>33</b>	<b>57.9</b>	<b>200</b>	<b>12</b>	<b>40.0</b>	<b>-64</b>

In the past two years 87 inspections have been conducted: 42 of financial obliged entities and 45 of non-financial obliged entities. A very significant portion of the inspections were performed to verify compliance with employee training obligations. Without prejudice to the individual conclusions regarding each obliged entity, these inspections have provided an overall picture and allow focus areas to be identified for the obliged entities. A generally good level of compliance was observed. However, in some cases the training provided was found to be overly brief and insufficiently geared towards the identification of suspicious transactions that may involve ML/TF and instructing employees how to proceed in such cases.

Sepblac cooperates with national and foreign prudential supervisors to ensure that action is coordinated. In the case of the former, within the framework of cooperation and collaboration agreements between the CPMLMO and prudential supervisors, periodic meetings are held and information is shared on a regular basis.

### 3.2 Supervisory actions

In order to strengthen compliance with the legal obligations to prevent money laundering and the financing of terrorism, and to bring supervision into line with the highest standards and requirements of supra-national bodies, Sepblac performs a number of different supervisory actions, applying a risk-based approach to determine the type, intensity and frequency of inspection and supervision tasks.

#### *Supervisory actions, by type*

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
Annual structured information questionnaire for credit institutions			193	92.3		190	92.7	-2
Reports to the Standing Committee of the CPMLMO	13	39.4	6	2.9	-54	10	4.9	67
Inspection monitoring reports	6	18.2				2	1.0	
Other supervisory actions	14	42.4	10	4.8	-29	3	1.5	-70
<b>Total</b>	<b>33</b>	<b>100</b>	<b>209</b>	<b>100</b>	<b>533</b>	<b>205</b>	<b>100</b>	<b>-2</b>

The most significant action is the annual structured information questionnaire, which has been sent to all credit institutions as a requirement since 2020. The required information is essentially quantitative and structured into four major areas: activity, due diligence obligations, reporting obligations and internal control obligations. This information is very useful for supervision purposes, since it provides an accurate overview of the sector and allows for residual ML/TF risk to be mapped out individually

by institution. It also helps credit institutions to conduct the mandatory self-assessment of risk and to detect possible shortcomings or areas for improvement. Sepblac then provides institutions with the aggregate results, enabling them to compare their situation with that of the sector.

Other supervisory actions in the last two years include: i) 16 reports to verify compliance with the CPMLMO Standing Committee requirements; ii) two inspection monitoring reports, and iii) 13 reports on the application of Commission Delegated Regulation (EU) 2019/758 of 31 January, by banks, currency-exchange bureaux and insurance subject to compliance therewith.

### 3.3 International cooperation in supervision

In the international level, Sepblac has worked very closely with other European supervisors and has actively participated in various international fora, including most notably the EBA's working groups and committees.

*International cooperation in supervisory actions, by type*

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
Participation in EU AML/CTF supervisory colleges in cooperation with national prudential supervisors <sup>3</sup>	3	11.5	7	15.6	133	81	71.7	1,057
Information sharing with other supervisors	21	80.8	25	55.6	19	22	19.5	-12
Cooperation with other authorities and supervisors in AML/CTF	2	7.7	13	28.9	550	10	8.8	-23
<b>Total</b>	<b>26</b>	<b>100</b>	<b>45</b>	<b>100</b>	<b>73</b>	<b>113</b>	<b>100</b>	<b>151</b>

Sepblac's participation in the AML/CTF supervisory colleges created under the joint guidelines on supervisory cooperation issued by the European supervisory authorities has increased significantly since 2019. The colleges in which Sepblac has taken part include those set up for credit institutions (52), investment services firms and collective investment institution management companies (22), payment institutions (5), insurance companies, insurance brokers and pension fund management entities (4), and specialised lending institutions (2). Sepblac has organised two supervisory colleges for groups of Spanish credit institutions in cooperation with the Banco de España.

### 3.4 Authorisation or registration procedures

Under current legislation, prior to granting authorisation for particular administrative procedures, primarily concerning financial institutions, or for registration in a specific register, the competent authority for this procedure must request a report from Sepblac on matters within its remit. In general terms, the reports issued by Sepblac are limited to assessing the adequacy of internal control measures on the prevention of money laundering and terrorist financing of the obliged entities concerned in the authorisation or registration, checking whether these changes involve an increase in the risk of money laundering or terrorist financing, and whether the necessary measures, where appropriate, are adopted to monitor this potential increase in risk. The ultimate aim is to protect the integrity of the Spanish financial system and reduce the risk of money laundering and terrorist financing, by requiring institutions authorised to operate in Spain to have an internal anti-money laundering structure within their organisation and adequate procedures in place to deter and prevent money laundering and terrorist financing. In any

<sup>3</sup> Banco de España, National Securities Market Commission and Directorate General of Insurance and Pension Funds.

event, the effectiveness of the anti-money laundering and counter terrorist financing bodies and procedures of the entities on which reports are requested may be subject to verification by Sepblac in the exercise of its supervisory and inspection functions.

**Authorisation or registration procedures, by type**

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
Creation of financial institutions	207	67.0	123	56.9	-41	148	53.2	20
Acquisition of significant holdings	78	25.2	76	35.2	-3	66	23.7	-13
Registration of providers engaged in exchange services between virtual currency and fiat currencies and custodian wallet providers						28	10.1	
Structural changes	21	6.8	14	6.5	-33	24	8.6	71
Amendments to articles of association	3	1.0	3	1.4	0	12	4.3	300
<b>Total</b>	<b>309</b>	<b>100</b>	<b>216</b>	<b>100</b>	<b>-30</b>	<b>278</b>	<b>100</b>	<b>29</b>

In the last two years, Sepblac has received nearly 500 requests relating to authorisation or registration procedures, which will be discussed later. These primarily concern the creation of financial institutions and the acquisition of significant holdings. It should also be noted that the amendment to Law 10/2010 of 28 April by Royal Decree-Law 7/2021 of 27 April has meant that providers engaged in exchange services between virtual currency and fiat currencies and custodian wallet providers are included as a new category of financial obliged entities. Pursuant to the second additional provision of Law 10/2010 of 28 April, these providers must be entered on the Banco de España register set up for that purpose, with Sepblac participating in the procedure to verify that the preconditions for such registration are met.

**Mandatory reports on the creation of financial institutions and on procedures for awarding online gambling licenses**

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
Banco de España	101	49	79	64.2	-22	92	62.2	16
National Securities Market Commission	50	24	43	35.0	-14	55	37.2	28
Directorate General for Gambling	52	25						
Directorate General of Insurance and Pension Funds	1	0	1	0.8	0			
General Secretariat of the Treasury and International Financing	3	1				1	0.7	
<b>Total</b>	<b>207</b>	<b>100</b>	<b>123</b>	<b>100</b>	<b>-41</b>	<b>148</b>	<b>100</b>	<b>20</b>

Sepblac issues a mandatory report in procedures to create financial institutions, including payment institutions, investment services firms and insurers, and in procedures for awarding general online gambling licenses. In the last two years, more than 270 reports have been requested, mainly on institutions supervised by the Banco de España and the National Securities Market Commission.

**Mandatory reports on the acquisition of significant holdings**

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
National Securities Market Commission	54	69.2	53	69.7	-2	50	75.8	-6
Banco de España	19	24.4	16	21.1	-16	12	18.2	-25
Directorate General of Insurance and Pension Funds	5	6.4	6	7.9	20	4	6.1	-33
General Secretariat of the Treasury and International Financing			1	1.3				
<b>Total</b>	<b>78</b>	<b>100</b>	<b>76</b>	<b>100</b>	<b>-3</b>	<b>66</b>	<b>100</b>	<b>-13</b>

In the last two years, more than 140 reports have been requested on the prudential assessment of acquisitions and increases of significant holdings at financial institutions, mainly those that are subject to the prudential supervision of the National Securities Market Commission and the Banco de España. These requests have declined slightly, by 16%, since 2019.

#### *Mandatory report on amendments to articles of association*

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
General Secretariat of the Treasury and International Financing			3	100.0		9	75.0	200
Banco de España	3	100.0				3	25.0	
<b>Total</b>	<b>3</b>	<b>100</b>	<b>3</b>	<b>100</b>	<b>0</b>	<b>12</b>	<b>100</b>	<b>300</b>

Fifteen mandatory reports have been requested in the last two years on amendments to the articles of association of banks, electronic money institutions and specialised lending institutions, with the latter accounting for the bulk of the requests by the General Secretariat of the Treasury and International Financing.

#### *Mandatory reports on structural changes*

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
General Secretariat of the Treasury and International Financing	16	76.2	7	50.0	-56	19	79.2	171
Directorate General of Insurance and Pension Funds	4	19.0	3	21.4	-25	5	20.8	67
Banco de España	1	4.8	4	28.6	300			
<b>Total</b>	<b>21</b>	<b>100</b>	<b>14</b>	<b>100</b>	<b>-33</b>	<b>24</b>	<b>100</b>	<b>71</b>

These reports relate to structural changes involving banks, payment institutions, electronic money institutions, insurance companies and specialised lending institutions. Such structural changes include any operation or agreement having economic or legal effects similar to those of mergers, spin-offs or transfers in whole or in part of assets and liabilities, in which the aforementioned entities are involved. Such reports were mostly requested by the General Secretariat of the Treasury and International Financing.

**Reports on the registration of providers engaged in exchange services between virtual currency and fiat currencies and custodian wallet providers**

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
Banco de España						28	100.0	
<b>Total</b>						<b>28</b>	<b>100</b>	

In accordance with the second additional provision of Law 10/2010 of 28 April on the prevention of money laundering and terrorist financing, providers engaged in exchange services between virtual currency and fiat currencies and custodian wallet providers are obliged entities and, as such, must be entered on the register created by the Banco de España for that purpose. Entry on this register is subject to these providers having suitable procedures and bodies for the prevention of money laundering and terrorist financing - Sepblac participates in this assessment prior to their entry on the register- and meeting commercial and professional integrity requirements, as assessed by the Banco de España. In the last quarter of 2021, the Banco de España requested the assessment of 28 providers.<sup>4</sup>

<sup>4</sup> At 7 December 2022, there were 51 providers engaged in exchange services between virtual currency and fiat currencies and custodian wallet providers on the [Banco de España register](#).

## 4. OTHER ACTIVITY DATA

### 4.1 Systematic reporting

Sepblac receives, on a monthly basis, “monthly transactions reports” (DMO, by their Spanish abbreviation) detailing those transactions that certain categories of obliged entities are required to report.

*Transactions subject to systematic reporting, by type of reporting entity*

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
Banks and savings banks	335,767	17.0	298,018	16.1	-11	402,293	20.6	35
Credit cooperatives	7,177	0.4	6,400	0.3	-11	8,417	0.4	32
Other credit institutions	56,050	2.8	13,175	0.7	-76	13,284	0.7	1
Insurance (life and unit-linked)	58	0.0	25	0.0	-57	44	0.0	76
Investment services firms	2,676	0.1	2,566	0.1	-4	3,449	0.2	34
Portfolio management companies	8	0.0				2	0.0	-100
Collective investment management companies	1,506	0.1	559	0.0	-63	679	0.0	21
Venture capital companies	2	0.0	4	0.0	100	2	0.0%	-50
Venture capital management companies	29	0.0	45	0.0	55	67	0.0	49
Payment institutions	1,505,521	76.1	1,480,037	80.2	-2	1,464,432	75.1	-1
Specialised lending institutions	12,306	0.6	13,470	0.7	9	9,753	0.5	-28
Electronic money institutions	3,006	0.2	593	0.0	-80	929	0.0	57
Currency-exchange bureaux	8,231	0.4	4,683	0.3	-43	12,540	0.6	168
Postal services	29,099	1.5	18,565	1.0	-36	24,594	1.3	32
Notaries	7	0.0	12	0.0	71	18	0.0	50
Casinos	279	0.0	43	0.0	-85	48	0.0	12
Other reporting entities	16,841	0.9	7,994	0.4	-53	8,824	0.5	10
<b>Total</b>	<b>1,978,563</b>	<b>100</b>	<b>1,846,189</b>	<b>100</b>	<b>-7</b>	<b>1,949,375</b>	<b>100</b>	<b>6</b>

The entities reporting the highest number of transactions were payment institutions (75.1% of the total), followed by banks and savings banks (20.6% of the total). The number of transactions has stabilised somewhat in recent years at around two million every year, with a slight increase in 2021.



**Transactions subject to systematic reporting, by type of transaction**

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
Cash transactions not recognised in a bank account	1,426,980	72.1	1,390,211	75.3	-3	1,411,066	72.5	2
Transactions with or by residents or which involve transfers of funds from designated territories or countries	518,270	26.2	495,758	26.9	-4	641,542	33.0	29
Means of payment movements (forms S1 and E1)	30,307	1.5	21,182	1.1	-30	18,537	1.0	-12
Transactions not executed	146,719	7.4	164,221	8.9	12	145,838	7.5	-11
Adjustment for transactions included in several categories simultaneously	-143,713	-7.3	-225,183	-12.2	57	-267,608	-13.8	19
<b>Total</b>	<b>1,978,563</b>	<b>100</b>	<b>1,846,189</b>	<b>100</b>	<b>-7</b>	<b>1,949,375</b>	<b>100</b>	<b>5</b>

The most notable transactions, as in previous years, are cash transactions not recognised in a bank account amounting to more than €30,000 and cash remittances of more than €1,500 (over 2.8 million transactions in the last two years, representing 72% of the total). These are followed by transactions with or by residents in designated territories or countries, or which involve transfers of funds to or from such territories or countries (more than 1.1 million transactions in the last two years).

Means of payment movements refer to prior declarations by individuals who, acting on their own account or on behalf of third parties, perform the following movements: i) outgoing or incoming cross-border movements of means of payment for an amount of €10,000 or more, or its equivalent value in foreign currency, and ii) movements within national territory of means of payment for an amount of €100,000 or more, or its equivalent in foreign currency. Cross-border declarations are submitted using form S1 for cross-border movements of cash within the EU countries, and since 2021 cross-border movements of cash for more than €10,000 entering or leaving the EU must also be declared (pursuant to Regulation (EU) 2018/1672 of the European Parliament and of the Council of 23 October 2018, and Commission Implementing Regulation (EU) 2021/776 of 11 May 2021) using the appropriate declaration form (E1).

**Means of payment movements, by type (forms S1 and E1)**

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
Movements entering Spain	8,060	26.6	2,892	13.7	-64	3,441	18.6	19
Movements leaving Spain	9,945	32.8	5,228	24.7	-47	5,636	30.4	8
Movements within Spain	2,744	9.1	4,187	19.8	53	2,380	12.8	-43
Means of payment delivered to obliged entities	4,684	15.5	3,609	17.0	-23	3,823	20.6	6
Means of payment withdrawn from obliged entities	4,874	16.1	5,266	24.9	8	3,257	17.6	-38
<b>Total</b>	<b>30,307</b>	<b>100</b>	<b>21,182</b>	<b>100</b>	<b>-30</b>	<b>18,537</b>	<b>100</b>	<b>-12</b>

The impact of the pandemic on cross-border movements can be seen in the decline of transactions declared in 2020. By contrast, movements within Spain rose significantly in the same period. In 2021, cross-border movements picked up, while movements within Spain returned to near pre-pandemic levels.

## 4.2 AML/CTF queries

Sepblac handles queries from obliged entities and other external agents, such as external experts, about different procedures and aspects within its remit, and through the formal procedures established. In general terms, these queries relate to queries regarding compliance with obligations under the current AML/CTF legislation.

### Queries received by Sepblac

	2019		2020		2021	
	No		No	Change (%)	No	Change (%)
Number of queries	522		331	-37	503	52

## 4.3 Centralized Banking Account Register

The Centralized Banking Account Register (FTF) is an administrative file set up for the purpose of deterring and preventing money laundering and terrorist financing. The State Secretariat for Economic Affairs and Support to Enterprise is responsible for the FTF, with data processing being delegated to Sepblac. It was implemented on 6 May 2016 and the reference date for reporting institutions' data was set at 31 December 2015. Reporting institutions (credit institutions, electronic money institutions and payment institutions) are required to report, on a monthly basis, certain information about reportable products such as current accounts, savings accounts, deposits and any other type of payment account, as well as safe deposit box rental contracts and their rental period, regardless of their trade name.

Following the initial recording of data, Sepblac has focused on ensuring the quality of the data incorporated into the FTF, applying strict controls and validations to the reported information and sending periodic requests to reporting institutions, including requests for the review and correction of possible errors and omissions. As a result, the information in the FTF is of high quality and has proven to be relevant and highly useful for investigations by competent authorities authorised to access and consult the FTF through the single points of access.

Spain is one of the first countries to have a centralised automated mechanism (the FTF) satisfying all of the requirements laid down in the Fifth Directive (Directive (EU) 2018/843 of the European Parliament and of the Council). Consequently, Sepblac receives a large number of requests from FIUs, along with other bodies from Member States and third countries, for information about the process followed to define and build the mechanisms and to establish quality standards and validations, and about Sepblac's experience in operating and managing the FTF since its implementation.

As regards the reported data, reporting institutions are required to send information monthly to the FTF, and in the first seven business days of each month, on all openings, cancellations and changes involving reportable products taking place in the preceding month.<sup>5</sup> The monthly report shall include, in addition to specific basic information on reportable products, information on the holders of those products (natural or legal persons).

### Data reported to the FTF

	31/12/2019		31/12/2020			31/12/2021		
	No	%	No	%	Change (%)	No	%	Change (%)
Obliged entities in effect (total)	146		145		-1	143		-1

<sup>5</sup> According to the fifth additional provision ("Manner and timeframe for reporting to the FTF") of Law 10/2010 of 28 April, Sepblac set January 2022 as the initial date for reporting institutions to report on payment accounts and active safe deposit boxes, pursuant to the new wording of Article 43 of Law 10/2010 of 28 April, following the amendments included in Royal Decree-Law 7/2021 of 27 April.

<b>Different persons<sup>6</sup></b>	<b>57,741,096</b>		<b>58,728,083</b>		<b>2</b>	<b>59,689,811</b>		<b>2</b>
Of which, natural persons	53,454,877	92.6	54,327,831	92.5	2	55,168,320	92.4	2
Of which, legal persons	4,286,219	7.4	4,400,252	7.5	3	4,521,491	7.6	3
<b>Products</b>	<b>149,832,006</b>		<b>157,139,144</b>		<b>5</b>	<b>150,742,841</b>		
Current	93,849,678	62.6	92,766,812	59.0	-1	84,459,281	56.0	-9
Cancelled	55,979,401	37.4	64,369,405	41.0	15	66,275,694	44.0	3
Transferred	2,927	0.0	2,927	0.0	0	7,866	0.0	169
<b>Type of relationship (natural person)</b>	<b>172,699,853</b>		<b>168,763,438</b>		<b>-2</b>	<b>153,370,433</b>		<b>-9</b>
Main holders	120,923,771	70.0	118,393,120	70.2	-2	106,643,445	69.5	-10
Authorized	34,763,144	20.1	33,524,747	19.9	-4	31,489,897	20.5	-6
Beneficial owners	9,125,883	5.3	9,192,128	5.4	1	8,819,051	5.8	-4
Legal representatives	7,395,296	4.3	7,174,432	4.3	-3	6,053,918	3.9	-16
Other	491,759	0.3	479,011	0.3	-3	364,122	0.2	-2
<b>Type of relationship (legal person)</b>	<b>6,724,158</b>		<b>6,555,930</b>		<b>-3</b>	<b>6,212,546</b>		<b>-5</b>
Main holders	6,587,366	98.0	6,417,807	97.9	-3	6,073,675	97.8	-5
Legal representatives	39,225	0.6	41,950	0.6	7	45,449	0.7	8
Other	97,567	1.5	96,173	1.5	-1	93,422	1.5	-3

All requests for access and queries are made, without exception, through the so-called single points of access set up for this purpose at the following bodies: The General Council of the Judiciary, Public Prosecutor's Office, national and regional law enforcement agencies, and the Tax agency. Sepblac can also access and consult these data in the exercise of its powers. Both access and queries are made online, by product or holder individually or by means of multiple requests. Open-ended, generic or approximate searches are not permitted. The results are obtained immediately by the same means.

For Sepblac, the data reported to the FTF are highly relevant to the performance of its tasks, not only for the generation of financial intelligence, but also for other key aspects relating to strategic analysis and supervision and inspection functions. The most significant use is of an aggregate nature, through the analysis of product openings and cancellations taking into account different parameters, trend studies, analysis of significant changes or comparative studies between reporting institutions based on different statistical indicators. These enable the detection of anomalous or unusual transactions potentially entailing a higher risk of money laundering or terrorist financing, along with possible due diligence shortcomings. These indicators may be also used for drawing up supervisory risk maps.

#### FTF queries, by type

	2019		2020			2021		
	No	%	No	%	Change (%)	No	%	Change (%)
Queries by product	4,770	27.6	6,488	27.4	36	5,347	22.3	-18
Queries by person	12,485	72.4	17,207	72.6	38	18,579	77.7	8
<b>Total</b>	<b>17,255</b>	<b>100</b>	<b>23,695</b>	<b>100</b>	<b>37</b>	<b>23,926</b>	<b>100</b>	<b>1</b>

<sup>6</sup> Number of different documents in effect.