

Guidelines to applying simplified Due Diligence measures

**Money Laundering and
Terrorist Financing**

**Guidelines for the
Obligated Entities**

April 2026

This guide on the prevention of money laundering and terrorist financing has been prepared solely for informational and guidance purposes.

The use of this guide does not exempt obliged entities from the strict compliance with the legal obligations applicable to them, nor from applying their own criteria for risk analysis and assessment in accordance with their activity, structure, and business model. The responsibility arising from the application of the regulations on the prevention of money laundering and terrorist financing, as well as from the implementation or interpretation of the contents included herein, lies exclusively with the obliged entities.

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General context

The application of customer due diligence measures for the prevention of money laundering and terrorist financing (hereinafter, AML/CFT) constitutes one of the essential pillars of the preventive system, as it enables obliged entities to adequately know their customers, understand the nature and purpose of business relationships, and detect unusual or suspicious transactions.

In this context, both the international standards of the Financial Action Task Force (FATF) and the Spanish AML/CFT regulatory framework expressly recognise that customer due diligence obligations must be applied in accordance with a risk-based approach (hereinafter, RBA). This approach makes it possible to adjust the scope, intensity and frequency of customer due diligence measures according to the money laundering or terrorist financing risk identified in each specific case..

FATF Recommendations: Starting Point

The FATF has emphasized, and recently reiterated in the review of the international standards relating to Recommendation 10—aimed at strengthening a more proportionate and consistent implementation of the risk-based approach (RBA)—that simplified customer due diligence (hereinafter, SCDD) does not constitute an exemption from customer due diligence obligations, but rather a specific way of applying them in situations where, following an appropriate and documented assessment, the risk is considered to be low. In such cases, obliged entities must continue to address all the essential elements of customer due diligence—customer and beneficial owner identification, understanding the purpose and intended nature of the business relationship, and ongoing monitoring of transactions—albeit with a reduced level of intensity, while always maintaining the ability to detect unusual or suspicious transactions.

AML/TF Regulation

Current framework

Spanish Regulation

The proper application of simplified customer due diligence (SCDD) measures not only contributes to a more efficient allocation of preventive resources but also strengthens the overall effectiveness of the AML/CFT system, ensuring that control efforts are focused where the risk is greatest, without undermining compliance with legal obligations or the integrity of the financial and economic system.

This approach has been fully incorporated into the Spanish legal framework through Law 10/2010 of 28 April on the prevention of money laundering and terrorist financing, and its implementing regulations.

EU framework

Within the European financial sector, this approach has been further reinforced by the EBA Guidelines EBA/GL/2021/02 issued by the European Banking Authority on AML/CFT risk factors and the application of customer due diligence measures.

These Guidelines, subsequently amended by EBA/GL/2024/01—primarily focused on crypto-asset service providers—contribute, within the limits permitted by national legislation, to harmonizing supervisory expectations regarding internal controls, governance arrangements and the consistent application of the risk-based approach (RBA).

New EU framework - July 2027/2029

As from 1 July 2027 (10 July 2029 for certain entities), the new European AML/CFT regulatory framework will become applicable. This framework is led by Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (hereinafter, the “AML/CFT Regulation”).

Objectives of the Guide

To promote a homogeneous, prudent and legally sound application of simplified customer due diligence (SCDD) measures, by providing criteria and practical guidance that enable obliged entities to correctly apply the risk-based approach (RBA), in line with the FATF standards and the requirements of Law 10/2010 and its implementing regulation.

Generally, this document does not seek to introduce automatisms or closed categories, but rather to offer a reference framework that enhances the consistency, proportionality and traceability of the decisions adopted by obliged entities regarding SCDD. In this respect, each obliged entity remains responsible for carrying out a specific, individualized and duly documented assessment of the business relationship, the customer, the product or the transaction, prior to any potential classification as low risk.

In addition, the document partially addresses the issue of de-risking, recalling that refusals or terminations of business relationships should be sufficiently justified and based on an individual assessment of each case, and should not rely on indiscriminate exclusions or on broad categories of customers, sectors or generic risk profiles.

To contribute to an appropriate transition towards the new European AML/CFT regulatory framework, whose direct application is foreseen from July 2027, and which is addressed in the final section of this document. This transition process should pave the way for increased use of simplified customer due diligence (SCDD), while maintaining current standards, and should be geared towards ensuring the progressive alignment of the national framework with future European requirements, which place particular emphasis on entities' risk analysis..

SCDD measures applicable within the Spanish AML/CTF preventive framework (Law 10/2010 and its implementing regulation)

Conditions for the Application of Simplified Customer Due Diligence (SCDD) Measures

a) Initial Risk Assessment

- Prior verification that the AML/CFT risk associated with:
 - the business relationship
 - the client
 - the product
 - the transaction

is low.

This is normally carried out on an ex-ante basis for specific categories of customers and is subsequently supplemented with information relating to individual prospective customers or specific transactions.

It should also be borne in mind that membership of a considered higher risk sector should not result in the creation of lists of customers excluded for AML/CFT reasons. On the contrary, it should lead to the application of an individualized assessment, and, where appropriate, enhanced due diligence, to each prospective customer belonging to that category.

b) Consistency with Risk

- The application of simplified customer due diligence (SCDD) measures should be maintained only for as long as the identified risk level remains low.

As soon as an increase in risk is detected, such measures must be discontinued immediately, and standard or enhanced customer due diligence measures shall be applied, as appropriate, in line with the new level of risk.

The mere increase in risk does not, in itself, justify the automatic termination of the business relationship; other risk management and mitigation options should be assessed beforehand.

c) Ongoing Monitoring

- Obligated entities shall carry out ongoing and proportionate monitoring of the business relationship in order to detect unusual or suspicious transactions and to reassess the risk level where relevant changes occur in the customer's circumstances, the transactions conducted, or the surrounding environment.
- Before deciding to terminate a business relationship for AML/CFT reasons, obliged entities should explore alternative risk mitigation measures, such as imposing restrictions on certain products, services or transactions that present higher risk. To this end, it is advisable to design policies and procedures that allow such restrictions to be applied in an agile, automated and standardised manner, in order to avoid unnecessary terminations of business relationships.

The application of SCDD measures does not, under any circumstances, exempt obliged entities from the obligation of ongoing monitoring.

d) Record Retention

- Obligated entities shall retain documentation evidencing the proper application of simplified customer due diligence (SCDD) measures for a period of 10 years from the termination of the business relationship or the execution of the transaction.
- In addition, it is considered good practice to maintain an internal record of decisions to refuse, not accept or terminate business relationships for AML/CFT reasons, distinguishing them from those based on commercial considerations..

Customers Suitable for SCDD Measures

Public-law entities of the European Union (EU) or of equivalent countries.

Companies or other legal persons that are controlled by, or majority-owned by, public entities of the European Union (EU) or of equivalent countries.

EU-supervised financial institutions, excluding payment institutions, or those of equivalent countries.

Branches or subsidiaries of supervised financial institutions (excluding payment institutions), established in the European Union (EU) or in equivalent countries, provided that they are subject to AML/CFT procedures.

Companies listed on regulated markets in the European Union (EU) or in equivalent countries, and their branches and majority-owned subsidiaries.

Products and Transactions Suitable for SCDD Measures

Life insurance policies with an annual premium of less than EUR 1,000 or a single premium of less than EUR 2,500.

Occupational or personal pension products with limited liquidity that cannot be used as collateral for a loan.

Linked group insurance policies used to implement pension commitments, provided that: (i) they originate from collective bargaining agreements or collective redundancy processes; (ii) they do not allow contributions by the employee which, when added to those paid by the employer, exceed certain thresholds; and (iii) they cannot be used as collateral for a loan and do not provide for surrender options other than exceptional liquidity cases.

Life insurance policies that provide only death risk cover (including policies that also provide supplementary cover for permanent disability, temporary incapacity, serious illness or dependency).

Non-reloadable electronic money where the amount stored does not exceed certain limits laid down in the applicable legislation (excluding electronic money issued against the receipt of cash).

Postal money orders issued by Public Administrations or their dependent bodies, as well as official postal money orders for payments through the postal service.

Fees generated by travel bookings of less than EUR 1,000.

Consumer credit of less than EUR 2,500, where repayment is made by debit to a current account opened in the name of the debtor with a credit institution established in the European Union (EU) or in equivalent countries.

Syndicated loans with an agent bank established in the European Union (EU) or in equivalent countries.

Credit cards with a limit of less than EUR 5,000, where repayment is made from an account opened in the name of the customer with a credit institution established in the European Union (EU) or in equivalent countries.

Possible measures following the assessment of a low AML/CFT risk customer or beneficial owner

a) Deferred identity verification

- The verification of the identity of the customer or, where applicable, of the beneficial owner may be carried out after the establishment of the business relationship, provided that certain predefined thresholds are exceeded, and as soon as those thresholds are reached.
- When setting these thresholds, obliged entities should take their operational reality as a starting point, including their business model, their typical customers profiles, the expected volumes and types of transactions, and the behaviors considered to present a low level of risk.

To carry out deferred verification, predefined thresholds must be established that, in a justified manner, reflect simpler and lower-risk situations, rather than a “generic” figure that does not correspond to actual operational practices.

b) Less Intensive monitoring and scrutiny of transactions

- The monitoring of the business relationship and the analysis of transactions may be carried out with a lower level of intensity for transactions that do not exceed the established thresholds and are consistent with the customer’s risk profile, the purpose of the relationship and the expected pattern of activity, without prejudice to the obligation to detect unusual or suspicious transactions.

The thresholds defined for the purpose of carrying out deferred verification shall also apply for determining the reduced level of monitoring and scrutiny of transactions.

c) Reduced frequency of document review

- The updating of customer documentation and information may be carried out at longer intervals, depending on the assigned risk profile, provided that no relevant changes occur in the customer's circumstances, the transactions conducted or the associated risk factors.
- The expiry of identification documents should be taken into account when requesting their update and, depending on the level of risk, restrictive measures should be established to incentivise the customer to provide the required documentation.

Information should at all times be adequate, up to date and relevant, with resources applied proportionately and in accordance with the identified risk.

Updates should be driven by the presence of relevant indicators of change, such as modifications in the customer's usual activity, the customer's profile, the product used, or external factors that influence the risk.

The entity may rely on ongoing monitoring, internal alerts or information already available to confirm that the customer's circumstances remain stable, while reserving more frequent and more in-depth updates for customers or situations that present a higher level of risk.

d) Limited collection of information on the customer's activity

- The collection of detailed information on the customer's professional or business activity may be dispensed with where the purpose and nature of the business relationship can be reasonably inferred from the type of product, service or transaction involved, provided that this is consistent with the low level of risk identified.
- The inference must be based on objective elements—such as limited product functionality, predictable usage patterns or clearly defined operational limits—and must be duly documented.
- However, an effective capacity for monitoring and response must be maintained, by obtaining additional information in the event of material deviations from expected patterns.

The understanding of the purpose and nature of the relationship must always be sufficient to enable the detection of unusual or suspicious transactions.

Entities may establish schedules to review and update each customer's information or due diligence measures according to the assigned risk level; however, such reviews may not be deferred indefinitely.

Without prejudice to the minimum annual review required for above average risk assessed customers, it is recommended that, in lower-risk cases, a review be conducted at least every five years.

Reviews may be carried out in an automated manner (including list screening, verification of registry changes or alerts—such as document expiry, changes in transactional behavior or residence), or through a combined approach if additional professional judgement is necessary (e.g., to validate, correct, supplement or reject inconclusive, expired or inconsistent information).

Identification of the Beneficial Owner

- In the case of business relationships or customers subject to simplified customer due diligence (SCDD) measures, obliged entities may rely exclusively on the information contained in the Beneficial Ownership Register to identify the beneficial owner, provided that the information obtained is reasonably satisfactory and does not give rise to any grounds for suspicion.

Where the circumstances of the case so require, obliged entities shall carry out additional checks, even if the customer has been assessed as presenting a low AML/CFT risk.

In all other cases, the information available in that Register will not be sufficient on its own to identify the beneficial owner, and the obliged entity must obtain additional information through other reliable and independent sources.

SCDD Measures to Be Applied by All Obligated Entities in the European Union (July 2027)

- As from July 2027 (except for the obliged entities referred to in Article 3(3), points (n) to (o), for which it shall apply from 10 July 2029), the criteria set out in the previous section will be replaced by the new European AML/CFT regulatory framework, headed by Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (hereinafter, the “AML/CFT Regulation”). This Regulation lays down substantive obligations, together with its implementing measures, among which the Regulatory Technical Standards (RTS) on customer due diligence are of particular relevance.

The new framework maintains the premise that simplified customer due diligence (SCDD) measures represent a reduction in the scope, intensity or frequency of standard customer due diligence measures, applied in accordance with the risk-based approach (RBA). They are, in no circumstances, equivalent to an exemption from, or the absence of, customer due diligence measures in respect of the customer.

Key Changes under Regulation (EU) 2024/1624

a) Risk Assessment: greater emphasis on the role of the obliged entity and an open list of risk factors

- The Regulation acknowledges that obliged entities themselves are best placed to assess both the inherent risk of their activities and the individual risk associated with each of their customers, business relationships or transactions. Accordingly, it does not identify predetermined categories of customers, products or transactions to which simplified customer due diligence (SCDD) measures may potentially apply.
- To promote a more harmonised application of the prior risk assessment, the Regulation incorporates an open-ended list of factors indicative of higher and lower risk that must be taken into consideration..

Among the lower-risk factors, the Regulation includes, with certain qualifications, elements that under the current Spanish regulatory framework have been used as reference points for the potential application of simplified customer due diligence (SCDD) measures.

Obliged entities must adapt their risk-assessment processes and methodologies to the new risk factors, also taking into account the risk assessments carried out at national and EU level, in order to ensure a consistent and proportionate application of the risk-based approach (RBA).

b) Scope of the Simplified Approach: reduced intensity/frequency and use of available information.

- The Regulation allows, in duly identified and assessed low-risk scenarios, for a reduction in the intensity and/or frequency of periodic reviews of customers or transactions, as well as for the inference of the purpose and nature of the business relationship from customer information already available, where this is reasonable and consistent with the assigned risk profile.

The Regulation expressly provides for the possibility of deferring identity verification, subject to specific limits and conditions, while in all cases maintaining the requirement for mandatory identification of the customer and, where applicable, of the beneficial owner.

The technical specification of the minimum information requirements, as well as the specific modalities for the application of simplified customer due diligence (SCDD) measures, is further developed through implementing legislation, in particular the Regulatory Technical Standards (RTS) on customer due diligence (CDD).

Implementing Measures Currently under Preparation: Expected Scope

- Regulatory Technical Standards will determine the information required to carry out the customer due diligence procedure, including the procedures and the simplified customer due diligence (SCDD) measures that may potentially be applied in lower-risk situations.
- The objective pursued is to harmonise the application of customer due diligence across the European Union, by reducing national divergences and strengthening legal certainty.
- Translating the Regulation's approach into concrete operational rules ensures that customer due diligence—including simplified due diligence—remains comprehensive, traceable and consistent throughout the European Union.

Among the elements addressed, the following stand out::

- **non-face-to-face customer identification based on the use of electronic identification means and trust services -eIDAS-,**
- **limited flexibility to identify persons in vulnerable situations,**
- **the application of customer due diligence to omnibus (pooled) accounts, which requires an analysis of the role of the intermediary,**
- **the recognition of the user of a virtual IBAN as the customer for customer due diligence purposes.**

Guidelines will be established on the risk variables and risk factors that obliged entities must take into account when entering into business relationships or carrying out occasional transactions.

Guidelines will be established on the measures for ongoing monitoring of business relationships and on the monitoring of transactions carried out within the context of such relationships.

