



Spain - AML KYC Regulations

Document History

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Disclaimer: Neither Shufti Pro nor the authors of this document shall be held responsible, liable or accountable for the contents of this document. The responsibility to comply with AML-KYC regulations lies with the Client. Achieving full compliance with legal obligations requires a thorough analysis of the specific situation, organizational requirements, and regulatory practices. The information provided in this document should be seen as an overview of requirements and measures towards conducting proper and satisfactory Identity Verification procedures. This document suggests general measures in line with recommendations, resources, or procedures provided by relevant laws and authorities to support identity verification requirements. The mere reference to or reliance placed on this document alone does not constitute a warranty of any system nor does it guarantee legal compliance. It remains the sole responsibility of the Client to comply with its legal obligations.

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1. Introduction

Spanish legal texts regarding AML procedures and guidelines are: i) Law 10/2010, April 28th, on the prevention of money laundering and terrorist financing, together with the Royal Decree 304/2014, which sets the requirements for the non-face to face businesses; ii) Directive (EU) 2018/843 of The European Parliament and of The Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU iii) Royal Decree Law 7/2021 of April 27 on the transposition of European Union directives on matters of competition, prevention of money laundering, credit institutions, telecommunications, tax measures, prevention and repair of environmental damage, displacement of workers in the provision of transnational services and consumer protection iv) Regulation 910/2014 of the European Parliament and of the Council on electronic identification and trust services for electronic transactions in the internal market. Together they form the basis for Spain's AML regime.

2. Scope

The 'Spain - AML KYC Regulations' report may be used as a reference to highlight information from Spain's '*Regulation of Law 10/2010 of 28 April, on the prevention of money laundering and terrorist financing*'. Under the guidelines of the Bank of Spain, The Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences (SEPBLAC), and the aforementioned act(s), this document highlights the necessary requirements for AML and KYC procedures, in particular, Identity Verification required in Spain. These requirements are approximated from relevant information/laws/directives from the aforementioned document.

3. Definitions

- **Client**: Shufti Pro's customer is referred to as the Client.
- **Customer**: The Client's customer who is subject to the KYC - AML checks.
- **End-user**: The Client's customer is referred to as end-user but from Shufti Pro's perspective.
- **Document Verification**: The process of verifying the authenticity of a government-issued identity document.
- **Identification Expert**: An individual specifically trained in the manual verification of photo-based identity documents by examining key human biometric features and document characteristics.
- **Identity Verification**: The process of verifying the identity of the Client's customers.
- **Proof of Identity**: Any government-issued identity document that can be used to identify an individual (natural person).

- **EDD:** Enhanced Due Diligence (EDD) is a process that executes a greater level of scrutiny related to potential business relationships.
- **Third-Party Diligence:** Outsourcing of the due diligence process to an external party by the Client who is originally responsible for carrying out due diligence activities.
- **PEP:** Politically Exposed Person (PEP) is a person with a higher risk for potential involvement in bribery/corruption.
- **Due Diligence:** Refers to the measures taken to mitigate risk before entering into an agreement or carrying out a financial transaction with another party.

4. References

- [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](#)
- [Royal Decree Law 07/2021 of April 27](#)
- [Authorization Of Video-Identification Procedures](#)

5. Due Diligence Requirements

5.1. Identity Verification Requirements

As per the requirements of Spain regulations, these are the following ID attributes required for the purpose of identifying a natural person (individual) from official documents.

- Full Name;
- Photo;
- Address

5.2. Compliant CDD Methods

We (Shufti Pro) may apply one or more of the following measures at the request of the Client to perform Identity Verification on its behalf. Where an End-user is an individual, who does not present himself to the Client for verification in physical presence.

5.2.1. Shufti Pro shall perform verification of the End-user's identity on the basis of independent sourced documents that are highlighted in 5.3. These documents provide reasonable reliability to the confirmation of the identity in Spain. Shufti Pro shall ensure that the documents being utilized are photo-based biometric identification documents that suffice the requirements for Identity Verification.

5.2.2. Shufti Pro can also perform verification of the End-user's identity through a real-time audio-video transmission, where a live, interactive video session is carried out between an Identification Expert and the End-user. During this session, the End-user will be asked to show their identity documents. The

End-user will also be asked to perform some random gestures as a part of a liveness check.

- 5.2.3. For the purpose of verifying the End-user's identity, Shufti Pro shall also verify the documents that are submitted. We utilize our specialized Document Verification service to perform checks on the authenticity of the document. This includes checks on security features such as holograms, tapered/crumpled

edges, doctored elements, form inconsistencies, document expiration, MRZ, reflected colors, and microprinting.

- 5.2.4. In the case of verification of the identity of legal persons or partnerships, Shufti Pro shall extract the information from the commercial register or a comparable official register through its process (KYB).

5.3. Documents Required for Verification

The following documents are considered in Spain as Proof of Identity:

Identity Verification

- National Identity Card;
- Passport;
- Residence Card.

Address Verification

The following documents (not older than 3 months) are considered in Spain as proof of address:

- Property Rental Contract;
- A recent bill for gas, electricity, home telephone, or other utility;
- A statement from a bank or a financial institution.

5.4. Timing of Verification

Identity Verification is not limited to a one-time, one-instance process. In fact, it is required in multiple instances as per regulations. The application and choice of when to deploy Identity Verification procedures depend on your requirements and their conveyance to Shufti Pro.

You are to pursue Identity Verification when you onboard a new Customer. If you are dealing with transaction data, you should apply Identity Verification as per the monetary thresholds defined in Spanish regulations. In other instances, Identity Verification becomes more important to employ if you face higher risks from your Customers. A high-risk situation

would be any instance where an Individual might represent above-normal exposure of money laundering-related threats to you.

6. Politically Exposed Persons and EDD Measures

As per the Enhanced Due Diligence requirements under Spanish regulations, you are required to determine if your Customer is a Politically Exposed Person, holds a public office, or exhibits a higher risk profile. In order to fulfill your obligations, Shufti Pro provides you with its *AML Screening service*. The service screens an individual's selected ID attributes of *Name* and *DOB* against watchlists of global regulatory authorities, foreign and domestic databases, compromised PEPs and sanctioned individuals.

The service highlights the category of the PEP based on the degree of risks they pose and also any immediate family member, or a close associate of the PEP.

You may utilize such services as per your requirements. This includes before or after establishing a relationship with your Customer.

7. Reliance on External Services

Spain's regulations state that you may seek the services of a third party to apply measures of due diligence. Regulations also require you to collect all such data (Diligence Information) from the third party, without undue delay. In this scenario, Shufti Pro will be the external third-party service provider to you.

Spain's law states that you, regardless of reliance on a third party, remain liable for maintaining all such compliance and fulfilling AML and KYC obligations.

8. Record Retention

As per Spanish law, you are required to retain data for not less than ten (10) years.¹ These are a part of your AML and KYC obligations for due diligence. In the case where this information is processed, collected, and managed by a relevant third-party, you are liable to collect all such necessary information (Due Diligence Data) from the third party without undue delay.

¹ [Law 10/2010 of 28 April, on the prevention of money laundering and terrorist financing](#)