
Law 19/1993 of 28 December concerning specific measures to prevent money laundering empowers the Government to regulate and constitute the Commission for the Prevention of Money Laundering and Monetary Offences, established under article 13 of the Law, together with its administrative support bodies: the Commission Secretariat and the Executive Service. It should be noted that Law 19/1993 opted to expand the competences of the administrative authorities already dealing with different aspects of cross-border transactions and exchange control instead of setting up new administrative structures, as a result of which powers in the area of money-laundering prevention are now exercised by these same authorities, as the Law itself stipulates.

In the light of the above considerations, this Royal Decree has the purpose of defining the organisational and operational aspects of these administrative authorities, and in this connection establishes the composition of the Commission and its Standing Committee, and defines the administrative unit to act as the Commission’s Secretariat along with its areas of competence. It likewise establishes the attachment of the Executive Service to the Bank of Spain and its operating regime.

While the Preamble to Law 19/1993 states that it will enter into force immediately upon publication, the text of the Law refers major aspects to the corresponding implementing provisions, such as, for example, the references made in articles 2, 3 and 5. For the purpose of meeting this legal requirement, the present Royal Decree undertakes to regulate these matters, and in this connection identifies those activities which are considered particularly likely to be used for money laundering together with the relevant obligations incumbent upon legal and natural persons engaging in such activities; details are given of the acts and procedures to be carried out by the obligated parties and, in particular, of the specific transactions which, due to their possible link with the laundering of proceeds from the criminal activities defined in article 1 of Law 19/1993 of 28 December concerning specific measures to prevent money laundering, must in all cases be reported to the Executive Service. Similarly, legal provision is made for exemption from liability as regards the furnishing of the information required, and penalty procedures laid down for failure to comply with reporting obligations.

By virtue of which, at the proposal of the Minister for Economic and Financial Affairs, with the approval of the Minister for Public Authorities, in agreement with the Council of State and after deliberation by the Council of Ministers at its meeting of 9 June 1995,
I decree

Single article. Approval of the Regulations to Law 19/1993 of 28 December concerning specific measures to prevent money laundering

This Royal Decree approves the Regulations to Law 19/1993 of 18 [sic] December, concerning specific measures to prevent money laundering.

Single derogatory provision. Statutory repeal.

Upon entry into force of the Regulations approved by this Royal Decree, Royal Decree 2391/1980 of 10 October regulating the composition and functions of the Commission for the Monitoring of Exchange Control Offences shall be repealed.

First final provision. Statutory faculty.

The Minister for Economic and Financial Affairs is hereby authorised, subject to the appropriate legal formalities, to issue whatever provisions may be necessary for the implementation of the Regulations approved by this Royal Decree.

Second final provision. Entry into force.

This Royal Decree and the Regulations that it approves shall come into force on the day following their publication in the Official State Gazette [Boletín Oficial del Estado].

Done at Madrid, 9 June 1995.

JUAN CARLOS R.
The Minister for Economic and Financial Affairs
PEDRO SOLBES MIRA
PREVENT MONEY LAUNDERING

CHAPTER I
General Provisions

Article 1. Scope of application.
1. For the purposes of the implementation of Law 19/1993 of 28 December concerning specific measures to prevent money laundering, these Regulations impose a system of requirements, actions and procedures whose aim is to forestall and prevent the use of the financial system and other sectors of economy activity for the laundering of the proceeds of whatsoever type of illicit participation in offences punishable by a custodial sentence of over three years.
2. For the purposes of these Regulations, money laundering shall be understood to mean the acquisition, use, conversion or transfer of the proceeds of the criminal activities referred to in the preceding section or of participation in such activities, for the purpose of concealing or disguising their origin or helping a person involved in the criminal activity to evade the legal consequences of his or her acts, as well as the concealment or disguise of their true nature, source, location, application or movement, or of their ownership or associated rights, even if the activities giving rise thereto are carried out in the territory of another State.

Article 2. Obligated parties.
1. The following shall be subject to the obligations established in these Regulations:
   a) Credit institutions.
   b) Insurance undertakings authorised to do business in the area of life insurance.
   c) Securities brokers and broker-dealers.
   d) Investment companies, excepting those whose management, administration and representation is handled by a management company of collective investment undertakings.
   e) Management companies of collective investment undertakings and pension funds.
   f) Portfolio management companies.
   g) Companies issuing credit cards.
   h) Legal or natural persons engaging in currency exchange activities or the management of money transfers, whether or not as their core business, with regard to the associated transactions.

The foregoing categories shall be understood to include the financial credit entities referred to in the first additional provision of Law 3/1994 of 14 April, adapting Spanish legislation on credit institutions to the Second Banking Coordination Directive and introducing further changes relative to the financial system, as well as foreign individuals or entities performing activities in Spain of the same nature as those of the aforementioned entities, whether through branch offices or through the provision of services without operating a permanent establishment.

Obligated parties shall likewise be subject to the rules laid down herein with regard to transactions channelled through agents, and other natural or legal persons acting as mediators or intermediaries.

2. Natural or legal persons exercising the following professional or business activities shall be subject to the obligations laid down in article 16:
   a) Gambling casinos
   b) Real estate development, estate agency and real estate brokerage activities.
   c) Natural and legal persons acting in the exercise of their profession as auditors, external accountants or tax advisors.
   d) Notaries, lawyers and court representatives shall likewise be subject to such obligations when:
      1.- They participate on clients’ behalf in the design, closure or advising of transactions involving the sale or purchase of real estate or commercial entities; the management of funds, securities or other assets; the opening or administration of bank accounts, savings accounts or securities accounts; the organisation of the contributions necessary for the incorporation, operation or management of companies or for the creation, operation and management of trusts, associations and analogous structures, or
      2.- They act for and on behalf of clients in any financial or real estate transaction.
   e) Activities connected with the trade in jewellery and precious stones and metals.
   f) Activities connected with the trade in art works and antiques.
   g) Activities connected with investment in postage stamps and coins.
   h) The professional transport of cash or means of payment.
   i) The international transfers and drafts managed by postal services.
j) Lotteries and other games of chance as regards the payment of prizes.

When the individuals referred to in the preceding section exercise their professions as the employees of a legal person or render such person sporadic or regular services, the obligations shall correspond to the said legal person with regard to the services rendered.

3. Natural or legal persons making the following movements of means of payment on their own account or on behalf of third parties shall be obliged to declare the origin, destination and current possession of the corresponding funds:

a) The movement into or out of national territory of coins, bank notes or bearer cheques made out in the national currency or any other currency or any material support, including electronic supports, designed for use as a means of payment in an amount greater than 6,000 euros per person and journey.

b) The movement within national territory of coins, bank notes and bearer cheques made out in national or foreign currency or any material support, including electronic supports, designed for use as a means of payment in an amount greater than 80,500 euros.

For the above purposes, origin shall be understood as the legal document or operation determining the legitimate possession of the funds, and destination as the economic-legal finality to which the funds are to be applied.

The forms and deadlines for declarations and the place and means of their submission shall be determined by order of the Minister for Economic and Financial Affairs, and the amounts set out in paragraphs a) and b) above may be modified at a later date.

The obligation established in this section shall not be applicable to obligated parties properly accrediting their status as such.

CHAPTER II
Obligations

HEADING 1. GENERAL REGIME

Article 3. Identification of clients.

1. Obligated parties shall require submission of documents establishing the identity of their clients, whether regular or not, at the time of initiating business relations or effecting whatsoever transaction, except in the cases envisaged in article 4 of these Regulations.

2. Clients who are natural persons shall submit a national identity document, a residence permit issued by the Ministry of Home Affairs, a passport or an identity document valid in their country of origin including a photograph of the holder; all without prejudice to any mandatory communication of their tax identification number or foreigners' identification number, as appropriate, prescribed by current regulations. The powers of persons acting as their representatives shall be similarly attested.

3. Legal persons shall submit an authenticated document accrediting their name, legal form, registered address and corporate purpose, without prejudice to the mandatory communication of their tax identification number as the case may be.

The powers of persons acting as their representatives shall be similarly attested.

4. Where there is some indication or evidence that the clients in question are not acting on their own behalf, the obligated parties shall procure the necessary information to identify the persons on whose behalf they are acting.

In the case of legal persons, the obligated parties shall make every reasonable effort to determine their ownership or control structure.

5. At the time of entering into a business relationship, the obligated parties shall procure information from their clients in order to ascertain the nature of their business or professional activity. They shall also take reasonable measures to check the accuracy of the information given.

These measures shall comprise the establishment and application of procedures to verify the activities declared by clients. Such procedures shall bear in mind the level of risk pertaining in each case, and shall be based on obtaining papers from clients that are related to their declared business activity, or procuring information on the said activity from third-party sources.

Obligated parties shall apply additional identification and “know your client” measures to control the risk of money laundering in highly sensitive business areas and activities; in particular, private banking, correspondent banking, distance banking, currency exchange, cross-border transfers of funds or any others that may be determined by the Commission for the Prevention of Money Laundering and Monetary Offences. The Minister for Economic and
Financial Affairs may from time to time issue orders establishing guidelines for a particular business area and activity.

6. In the case of fund transfers within national territory, the originating institution shall record the identification details of the ordering party and, where appropriate, of the person on whose behalf he or she is acting. These data shall be furnished immediately to the transferee institution should the latter so request.

In the case of cross-border transfers, institutions should include and, where appropriate, maintain the identification data of the ordering party in the transfer document and in all messages relating thereto throughout the payment chain.

The ordering party shall be deemed to be the holder or holders of the account or, where no account exists, the natural or legal person ordering the transfer.

For the purposes of this section, the identification data of the ordering party shall be the name and surname of the natural person or the name of the legal person; the number of the corresponding national identity document, residency card, passport, tax identification number or foreigners’ identification number; and the number of the account from which the transfer is made.

The procedure laid down in paragraph one of this section regarding fund transfers within national territory may be made extensive to transfers within the European Union by means of an order of the Minister for Economic and Financial Affairs or Community legislation.

7. Notwithstanding the provisions of sections 1, 2 and 3 of this article, obligated parties may establish business relations or execute any type of transaction by telephonic, electronic or telematic means with clients not physically present for identification purposes, provided that:

a) The client's identity is accredited as defined in the applicable regulations on electronic signatures, or
b) The first deposit originates from an account in the same client's name opened in Spain or in countries and territories other than those listed in article 7.2.b), or
c) The conditions established to this effect by the Minister for Economic and Financial Affairs are judged to be met.

In any event, the obligated parties shall procure copies from their clients of the documents stated in sections 2 and 3 of this article within one month from initiating a business relationship.

When the obligated parties observe discrepancies between the data facilitated by the client and other information available to them or in their power, they shall institute the identification procedures set out in sections 1, 2 and 3 of this article.

Obligated parties shall take additional steps to check clients' identity when they detect a higher-than-average risk in the course of business dealings.

**Article 4. Exemption from the requirement to identify clients.**

1. The obligated parties shall be released from the identification requirements established herein when the client is a financial institution with its registered offices in the European Union or in third-party countries whose conditions are equivalent to those imposed by Spanish law, as determined by the Commission for the Prevention of Money Laundering and Monetary Offences.

2. Likewise the requirement to identify customers shall be waived in the following cases:

a) In the case of transactions with non-regular customers whose amount does not exceed 3,000 euros or the equivalent in foreign currency, except those transfers where the identification of the ordering party is mandatory under sections 1, 2 and 3 of article 3.

When clients are seen to have split one transaction into several to evade the duty of identification, the amount of each of these transactions shall be added together and identification duly sought.

The identification requirement shall likewise exist in those transactions where, following their examination by obligated parties as provided in article 5.1 of these Regulations, there is some indication or evidence of their being connected with the laundering of proceeds from the activities listed in article 1, even in cases where the amount involved is less than the threshold stated above.

b) In the case of pension plans or life insurance policies subscribed to by virtue of the employment relationship or occupation of the member or holder, provided such contracts do not contain a surrender clause and may not be accepted as collateral for a loan.

c) In the case of life insurance and supplementary policies concluded by duly authorised undertakings, when the amount of the premium or the regular premiums to be paid in one year does not exceed 1,000 euros or, in the case of a single premium payment, when its amount is less than 2,500 euros, and in the case of individual pension plans provided contributions in a year do not sum more than 1,000 euros.
d) When it has been established that the consideration due on life and supplementary insurance policies is to be credited to an account opened in the name of the customer at a credit institution bound by the requirement laid down in article 3.

The exemptions established in this article shall be without prejudice to the mandatory identification of beneficiaries, as established in article 3, before the insurer or other obligated party delivers the benefit.

**Article 5. Special examination of certain transactions.**

1. Obligated parties shall examine with special attention any transaction, irrespective of the amount of the same, which, by its nature, may be particularly linked to the laundering of proceeds from the activities referred to in article 1.

In particular, the obligated parties shall closely examine any complex or atypical operations or those that have no apparent economic or licit purpose, committing to writing the results of such examination. To this end, the internal procedures of each obligated party shall specify exactly which operations should be considered complex, unusual or lacking an economic or licit purpose.

2. When establishing the internal control procedures and measures referred to in article 11, obligated parties shall specify the way in which this obligation to conduct a special examination is to be fulfilled. Such specifications shall include the preparation and dissemination among executives and employees of a list of transactions particularly liable to be linked to money laundering, which should be regularly updated, and the use of appropriate IT tools to conduct each analysis, bearing in mind the type of transaction, business sector, geographical scope and quantity of the information; in any event, the terms of articles 9 and 10 of Organic Law 15/1999 of 13 December on the Protection of Personal Data shall apply.

The list of transactions liable to be linked to money laundering shall include, at least, the following indications:

a) When the nature or volume of clients’ loan or deposit transactions does not match with their business activities or transactional history.

b) When a given account, without valid reason, is being credited with cash sums by a large number of persons or with multiple cash sums by a single person.

c) Movements with their origin or destination in accounts held in the countries or territories referred to in article 7.2.b).

d) Transfers received or handled which do not state the identity of the ordering party or the number of the account originating the transaction.

e) The transactions defined by the Commission for the Prevention of Money Laundering and Monetary Offences as being complex or unusual or lacking any evident economic or licit purpose. Such transactions shall be published or notified to obligated parties, directly or through the medium of their professional associations.

3. In any case, if the examination of the transactions to which this article refers yields evidence or certainty of the existence of money laundering, the circumstances shall be reported immediately to the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences (hereinafter the Executive Service), in accordance with the provisions of article 7.

**Article 6. Preservation of documents.**

1. Obligated parties shall preserve documents or records which attest adequately, with probative value, to the conduct of transactions and the business relationships existing with customers for a period of six years.

This requirement to preserve on record for a period of six years shall extend to copies of the documentation required for the identification of the clients effecting the transactions or establishing such business relations with the institution, in the event of mandatory reporting to the Executive Service pursuant to articles 5, sections 1 and 2, or mandatory identification of the customers pursuant to articles 3 and 4.

2. In the case of documents relating to identification, the said term shall begin on the date when the relations with a customer are terminated, and in the case of documentation or records accrediting transactions, on the execution date of each.

**Article 7. Reporting of transactions to the Executive Service.**

1. Obligated parties shall collaborate with the Executive Service, and to this end shall immediately notify it of any event or transaction in respect of which there exists the evidence or certainty of its being connected with the laundering of proceeds from the activities stated in article 1, as well as of any circumstance relating to such events or transactions which may subsequently occur.

Reporting requirements also extend to those transactions notably at odds with the nature of clients or with the volume of their activity or their transactional history, in cases where the examination specified in section 5 reveals
no economic, professional or business reason for the transactions in question, in relation to the activities specified in article 1.

2. In any event, obligated parties shall report the following transactions to the Executive Service on a monthly basis:
   a) Transactions entailing the physical movement of coins, bank notes, traveller’s cheques, cheques or other bearer documents issued by credit institutions, with the exception of those credited or debited to the account of a customer, whose value exceeds 30,000 euros or the equivalent in foreign currency. The obligated parties referred to in article 2.1.h) shall notify the Executive Service of transactions entailing the physical movement of coins, bank notes, traveller’s cheques, cheques or other bearer documents whose value exceeds 3,000 euros or the equivalent in foreign currency.
   b) Transactions of or with natural or legal persons resident, or acting for residents in the countries or territories determined by order of the Minister for Economic and Financial Affairs, as well as transactions entailing the transfer of funds to or from such countries or territories, whatever the country of residence of the intervening parties, whenever the amount of such transactions exceeds 30,000 euros or the equivalent in foreign currency.
   c) Any other transactions which the Commission for the Prevention of Money Laundering and Monetary Offences proposes for inclusion in the implementing provisions to these Regulations.

When clients split one transaction into several to elude the provisions of this section, the amounts of each shall be added together and the transaction duly reported by the obligated parties. Whenever any of the transactions included in this section present some indication or evidence of being linked to money laundering, the provisions of the preceding section shall apply.

Should no transactions take place that are subject to mandatory reporting, the obligated parties shall report this circumstance to the Executive Service on a six-monthly basis.

To facilitate the processing and use of the information, the reporting of the transactions stated in this section shall be effected on the support and in the format specified by the Executive Service. Further, all necessary steps shall be taken to ensure the privacy of personal data, in accordance with article 9 of Organic Law 15/1999 of 13 December on the Protection of Personal Data.

3. Exceptionally, obligated parties may be released from the reporting requirements referred to in the preceding sections when, in the case of transactions concerning regular clients, of the legality of whose activities they are sufficiently aware, the circumstances stated in section 1 above do not obtain. In such cases, the internal control unit shall previously approve the list of exempted clients, with written justification of the motives.

Likewise, the Commission for the Prevention of Money Laundering and Monetary Offences may, upon its own motion or at the urging of one or several obligated parties, decide the non inclusion of certain clients or groups of clients in the reports stated in section 2, under the conditions it establishes for each case.

4. The reports referred to in section 1 of this article shall be effected through the internal control units and following the procedures to be established pursuant to article 13, and shall contain at least the following information:
   a) List and identification particulars of the natural or legal persons taking part in the transaction and the nature of their participation.
   b) The activity which the natural or legal persons participating in transactions are known to engage in, and the congruence between this activity and the transactions made.
   c) A list of transactions and their dates stating their nature, the currency in which they were transacted, the amounts and place or places involved, their purpose and the means of payment or collection used.
   d) The steps taken by the reporting parties to investigate the transactions being notified.
   e) A statement of all the circumstances of whatever kind giving rise to the suspicion or certainty of a link with money laundering, or evidencing the lack of economic, professional or business justification for the activities carried out.
   f) Any other data which the Executive Service decides to be in the interests of money laundering prevention.

The reports referred to in this section may be submitted in electronic format. To this end, the Executive Service shall establish technical communication procedures to ensure that information can be speedily transmitted and is kept confidential.

5. The reporting referred to in section 1 herein shall be deemed to be complete when the provisions of article 262 of the Law on Criminal Procedure have been fulfilled.

Article 8. Provision of the information required by the Executive Service.
1. Obligated parties shall collaborate with the Executive Service and shall furnish, pursuant to the provisions of article 3.4. b) of Law 19/1993, such information as it may require in the discharge of its duties; this information may concern any item of data or knowledge obtained by the obligated parties concerning the transactions they conduct and the parties thereto.

2. Information requests from the Executive Service shall clearly set forth the matters regarding which information is required and the term within which it has to be supplied. When the information is not supplied within this term or is supplied in an incomplete manner with the omission of essential data, preventing the Executive Service from properly examining the case, then the obligation referred to in this article shall be deemed not to be fulfilled. However, if the data omitted do not invalidate the information requested, the Executive Service shall call upon the obligated party to furnish the missing information indicating the deadline for fulfilment of this second request, non-compliance with which shall be deemed a breach of reporting obligations.

3. The information shall be communicated through internal control units using the procedures established pursuant to article 13, and shall set out all the data requested in a detailed, clear and complete manner. In the event that not all the information requested is available, this shall be expressly stated.

4. The reporting referred to in the preceding sections can be completed electronically. To this end, the Executive Service and the obligated parties listed in article 2.1 shall establish technical communication procedures that ensure the information can be speedily transmitted and is kept confidential. The internal control units shall accordingly run daily checks on the existence or otherwise of requests and send the corresponding information electronically within the deadline given by the Executive Service.

Article 9. Abstention from effecting transactions.
Obligated parties shall refrain from carrying out any transaction of those referred to in article 7, section 1, without having previously made the notification stipulated therein. However, when such abstention is not possible or might impede the prosecution of the beneficiaries of the transaction, obligated parties shall be free to perform it notifying the Executive Service immediately thereafter.

Article 10. Duty of confidentiality.
Obligated parties shall not reveal to the customer or to third parties the action which they are taking in connection with their obligations pursuant to Law 19/1993 in the form stipulated by these Regulations.

Article 11. Internal control measures
Obligated parties who are either legal persons or establishments or sole proprietorships employing over 25 persons shall introduce adequate internal control and reporting procedures and units, with a view to discovering, forestalling and preventing the conduct of operations connected with money laundering. These procedures and units may be set up at group level and, in such cases, shall establish lines of communication for this purpose with subsidiaries, including those located abroad, or institutions within the same group.

The aforementioned procedures and units shall be deemed to be suitable when their organisation meets the requirements of speed, security, efficiency and coordination as regards both internal transmission and the analysis of and communication to the Executive Service of information relevant to anti-money laundering legislation. The Minister for Economic and Financial Affairs may from time to time issue orders providing guidelines for different types of obligated parties.

Obligated parties shall draw up an explicit policy for client admission. The said policy shall include a description of the kinds of clients potentially carrying a higher-than-average risk, in accordance with the factors defined by each 36 obligated party with reference to the relevant international standards. Client admission policies shall be progressive, with extra precautions taken for those exhibiting a higher-than-average risk.

2. When obligated parties are establishments or sole proprietorships with no more than 25 employees, the owner of the business shall exercise the internal control and reporting functions stated in the preceding section.

3. Obligated parties shall take appropriate measures to ensure that their employees and managers immediately notify control and reporting units of any fact relevant to the prevention of money laundering. Notifications shall contain sufficient data to, at least, identify the party or parties concerned, the acts and transactions in question, the value thereof, and the relevant place and dates. Both the notifying party and the reporting unit shall keep a record of all such notifications.

Once the control and reporting unit has been duly informed, the manager or employee shall be free from any liability.
4. Control and reporting units shall take the appropriate steps to conceal the identity of the employees or managers effecting such notifications.

5. When a fact or transaction is notified to control and reporting units, they shall proceed to its immediate analysis or verification to determine any possible connection with money laundering. In the event that they discern indications or evidence of money laundering, the provisions of articles 7 to 10 above shall apply. Whatever the decision adopted, the notifying employee or manager shall be informed of the follow-up action taken.

6. Obligated parties shall provide the Executive Service with full information on the structure and operation of their control and reporting units and of the procedures in place for their correct supervision. The suitability of such procedures and units shall be verified by the Executive Service, which may propose corrective measures, and likewise issue instructions to obligated parties for their improvement or adaptation. Any changes in the structure and operation of these units or procedures shall likewise be examined by the Executive Service pursuant to the provisions of this section.

Internal control and reporting units shall in any case operate separately from the institution's internal audit department or unit in both functional and organisational terms.

7. The internal control and reporting procedures and units referred to in section 1 shall be subjected to an annual audit by an outside expert. The results of this audit shall be written up in a confidential report which details the internal control measures in place, assesses their operational efficiency and proposes changes or improvements as required.

This report, which shall include an annex with a detailed CV of the expert drawing it up, shall be available for consultation by the Executive Service during a period of six years from the date of writing.

The obligated parties referred to in article 2.2 can opt to run the external audit regulated in the preceding paragraph at three-year intervals, provided they perform an annual internal review of the operational effectiveness of their internal control and reporting procedures and units with the results written up in a report. Both reports, the external and the internal, shall be available for consultation by the Executive Service during a period of six years from the date of writing.

Obligated parties shall entrust external audits to persons having the right academic and professional profile to perform the task correctly. They may not entrust its conduct to any natural person who has rendered them any other kind of paid service in the three years prior to the report or rendering such service in the three years following its issue.

8. As part of the authorisation process for new financial institutions, the body empowered to grant such authorization shall in all cases request a report from the Executive Service on the suitability or otherwise of the internal control and reporting procedures and units envisaged in its programme of activities, in order to forestall and prevent the conduct of transactions linked to money laundering.

**Article 12. Internal control and reporting units.**

The internal control and reporting units envisaged in the preceding article shall have the function of analysing, verifying and communicating to the Executive Service all information relating to transactions or acts likely to be connected with money laundering, using the procedures laid down in accordance with articles 11 and 13.

To this end, obligated parties shall take the necessary steps to ensure that the unit or units in question have the human, material, technical and organisational resources to adequately perform their duties.

2. Each of these units shall be headed by a representative of the obligated party with the Executive Service, who shall be responsible for communicating to the latter the information referred to in articles 7 and 8, and receiving requests and notices from it.

The representative of the obligated party shall be called on to appear in all kinds of administrative or legal proceedings with regard to the data provided in reports to the Executive Service or any supplementary information referring thereto, when it is deemed essential to obtain clarification, confirmation or additional information from the obligated party and not just from the Executive Service or other official sources.

3. The representatives referred to in the preceding section must meet the following conditions at least:

a) Be appointed by the management body in the case of legal persons, establishments or sole proprietorships with more than 25 employees.

b) Exhibit a professional conduct which ideally qualifies them to exercise such functions.

c) Possess the right knowledge and experience to exercise the functions referred to in section 1 above.
4. In the case envisaged in article 11.2, the representative shall be the business owner or an employee of his or her designation as the case may be.

5. The names of the proposed representatives shall be notified to the Executive Service which may raise reasoned objections or observations when it considers they do not meet the conditions referred to in section 3 above.

If within fifteen days following notification to the Executive Service, the latter has issued no decision on the proposed representatives, the proposal shall be deemed to be accepted.

When the representatives have been appointed, documents shall be sent to the Executive Service attesting the signatures of the same, such attestation of signature being valid as from the day following reception of the communication by the Executive Service.

Notification of the relinquishment of duties on the part of representatives must be accompanied by a new proposal for designation.

**Article 13. Reporting procedure.**

1. Reporting by obligated parties shall be effected directly and in writing through the representatives referred to in article 12.

2. Nevertheless, in circumstances of justified urgency, the Executive Service, in the interests of maximising security, speed and control in the transmission of information, may indicate specific ways and means by which reports may be furnished, provided a record is left of their emission and receipt and that the corresponding written document is received within a maximum of fifteen working days from the date when the initial report was made.

3. Managers or employees of obligated parties may notify the Executive Service directly of transactions which have come to their knowledge during the performance of their duties, and in respect of which there exists some evidence or certainty of a connection with money laundering, in cases where, although the facts have been brought to the knowledge of the internal control units of the obligated party, the latter have not reported back to the notifying manager or employee as provided in article 11.5 of these Regulations.

**Article 14. Training of obligated parties and their staff.**

1. Obligated parties shall take the necessary steps to ensure that the staff in their service are informed of the requirements deriving from anti-money laundering legislation. The measures to be taken shall include the organisation, with participation by workforce representatives, of training plans and special training courses for employees in general and, specifically, for staff members occupying posts which, by their nature, are ideal for the detection of acts and transactions possibly connected with money laundering. Such employees can thus be taught detection skills and the procedure to follow in every case.

2. The Commission may organise information and guidance courses or activities on the prevention of money laundering aimed specifically at members of the internal control and reporting units of obligated parties. The Commission shall draft and issue recommendations in the course of its duties which shall be taken into account by obligated parties.

**Article 15. Exemption from liability.**

In accordance with article 4 of Law 19/1993, the reporting in good faith of the information envisaged in articles 7 and 8 above by obligated parties or, exceptionally, by their managers or employees shall not constitute a breach of the restrictions on disclosure of information imposed by contract or by any legislative or regulatory provision, and shall not result in any liability to the aforesaid persons.

**SECTION 2. SPECIAL REGIME**

**Article 16. Scope and content.**

1. The persons engaging in the activities referred to in article 2.2 shall be subject to the following obligations:

   a) To request the documents stated in 2 and 3 of article 3, establishing the identity of clients effecting transactions for amounts greater than 8,000 euros or their equivalent in foreign currency. This threshold shall not apply to the obligated parties referred to in paragraphs c) and d) of article 2.2, who shall nonetheless procure the identification of their clients. With regard to notaries, this identification requirement shall be understood to be without prejudice to any additional conditions established in sector-specific legislation.

   When it is noted that clients have subdivided a transaction in order to evade the identification requirement, the subdivisions shall be added together and identification duly sought.
In the case of gambling casinos, the identification requirements stated herein shall apply to the following transactions:

1. The delivery of cheques to clients resulting from the exchange of chips.
2. Fund transfers effected by casinos at the request of their clients.
3. The issuing by casinos of certificates accrediting the winnings obtained by players.
4. The purchase or sale of chips for an amount equal to or greater than 1,000 euros, unless clients are identified and registered, irrespective of the chips they buy, the moment they enter the casino.

b) To examine with special attention any transaction, irrespective of the amount of the same, which may be particularly linked to the laundering of proceeds from the activities referred to in article 1, and directly inform the Executive Service when this examination leads to the suspicion or certainty of a laundering link.

Without prejudice to the foregoing, gambling casinos shall in all cases inform the Executive Service of transactions with regard to which there is some indication or evidence of a link with money laundering, and which fall within the categories described in paragraph a) above.

The reports to which this section refers shall comply with the requirements laid down in article 7.4.

The Minister for Economic and Financial Affairs may from time to time issue an order making it incumbent upon certain categories of people engaging in the activities stated in article 2.2 to report the transactions included in article 7.2.

c) The documents accrediting transactions which exceed 30,000 euros or the equivalent in foreign currency shall be kept on record for six years, as shall copies of the documents identifying the persons referred to in paragraph a) above. This monetary threshold shall not apply to the obligated parties stated in paragraphs c) and d) of article 2.2, who shall nonetheless preserve the aforementioned documents for a period of six years.

The term indicated shall be reckoned as from the execution date of the corresponding transaction.

With regard to notaries, this obligation to keep documents on record shall be understood as without prejudice to the terms of sector-specific legislation.

d) In all other cases, the provisions of articles 8 to 15 inclusive shall apply.

2. The obligations set out in article 3.4 of Law 19/1993 of 28 December shall not apply to auditors, external accountants, tax advisors, notaries, lawyers and court representatives with respect to the information they receive from clients or obtain in their regard when developing the said clients’ legal cases, or when engaged in their mission of defending or representing such clients during administrative or legal actions or in relation thereto or advising them on initiating or avoiding court action, regardless of whether they received such information before, during or after these proceedings. Lawyers and court representatives shall remain bound by their duty of professional secrecy in accordance with current legislation.

CHAPTER III
Penalty proceedings

Article 17. Penalty proceedings.

1. The procedure for exercising the penalty powers envisaged in chapter II of Law 19/1993 shall be as regulated by Royal Decree 2119/1993 of 3 December on the penalty proceedings applicable to financial market operators.

2. In deciding whether to institute proceedings, the Secretariat of the Commission, as the competent body, may authorise preliminary steps to be taken pursuant to article 12 of the Regulations on the exercise of disciplinary authority approved by Royal Decree 1398/1993 of 4 August.

3. When the offending party is a financial institution or requires administrative authorisation to operate, no penalty may be imposed without a report from the institution or administrative authority responsible for its supervision, as provided in articles 82 and 83 of Law 30/1992 of 26 November on the Legal Regime governing the Public Administration and the Common Administrative Procedure.

4. Penalty proceedings for the breach of the obligations set out in article 3.9 of Law 19/1993 of 28 December shall be as laid down for the exercise of the disciplinary powers of the public authorities.

In the event of failure to make a mandatory declaration or misrepresentation in the data consigned, with what are deemed to be serious implications, the National Law Enforcement and Security Agencies or the Customs and Excise Department shall seize all the means of payment found except for a minimum subsistence allowance to be determined by order of the Minister for Economic and Financial Affairs. The seizure certificate, which shall be immediately forwarded for investigation to the Executive Service, and to the Commission Secretariat for the appropriate examination to be conducted, should clearly state whether the means of payment were found in a place or situation denoting a clear intention to conceal them. The means of payment seized shall in any case be
lodged with the Bank of Spain or deposited in the same currency in the accounts held at the said institution by the Commission for the Prevention of Money Laundering and Monetary Offences.
The competence to conduct penalty proceedings shall lie with the Secretariat of the Commission for the Prevention of Money Laundering and Monetary Offences. In the course of penalty proceedings, when a defendant is required to deposit a sum as security against their eventual liability, the remainder of the amount seized shall be returned.
The competence to resolve the said proceedings shall correspond to the Chairman of the Standing Committee of the Commission for the Prevention of Money Laundering and Monetary Offences, whose decision shall bring the administrative proceeding to an end. Decisions shall in all cases be informed by a mandatory report from the Executive Service which will state whether the origin of the funds has been proven or otherwise.
The term for delivering and notifying a decision is set at six months. This term may exceptionally be extended to 12 months by means of a reasoned resolution of the Secretariat, when circumstances so require and all other available means have been exhausted.

**Article 18. Enforcement and publication of penalties.**
1. The enforcement of executory penalties shall correspond to the Commission Secretariat.
2. Nevertheless, when its statutes establish specific enforcement responsibilities according to the penalty imposed and the offending party, the Secretariat of the Commission shall notify the decision taken to the relevant supervisory institution or administrative authority.
3. The penalty of a public reprimand, on becoming executory under administrative proceeding, shall be enforced in the manner stated in the decision and shall in any case be published in the Official State Gazette [Boletín Oficial del Estado].

**CHAPTER IV**
**Commission for the Prevention of Money Laundering and Monetary Offences**

**Article 19. Functions.**
The Commission for the Prevention of Money Laundering and Monetary Offences created by virtue of article 13 of Law 19/1993 shall carry out the functions assigned to it in the said article.

**Article 20. Composition and operation.**
a) The Chief Prosecutor of the Special Drug Trafficking Prevention and Control Office.
b) The Chief Prosecutor of the Special Office for Economic Offences relating to Corruption.
c) The Director-General of Police.
d) The Director-General of the Guardia Civil [Spanish Civil Guard].
e) The Director-General of the Treasury and Financial Policy.
f) The Head of the Customs and Excise Department of the Inland Revenue.
g) The Head of the Financial and Tax Inspectorate of the Inland Revenue.
h) The Director-General of Insurance and Pension Funds.
i) A Director-General of the National Securities Markets Commission.
j) A Director-General of the Bank of Spain.
k) The Director-General of Trade and Investment.
l) The Executive Director of Intelligence in the National Intelligence Service.
m) The Head of the Spanish Data Protection Agency.
n) The Head of the Technical Office of the State Secretary for National Security.
f) The Director of the Executive Service of the Commission.
o) The Deputy Director-General for the Inspection and Control of Capital Movements of the Directorate-General of the Treasury and Financial Policy, who shall act as Secretary to the Commission.
p) One representative of each of the autonomous regions having its own police force for the protection of persons and property and for the maintenance of public safety. Each of the autonomous regions in question shall inform the Chairman of the office assigned responsibility for representing them on the Commission.
The members of the Commission must attend its meetings personally. Delegation shall only be permitted for exceptional motives which must be notified to the Secretariat within ten days of the notice of the meeting being sent.
2. Without prejudice to the specific provisions of these Regulations, the Commission shall be governed by the provisions of Chapter II, Title II of Law 30/1992 of 26 November on the Legal Regime governing the Public
The Commission may operate in plenary session and through a Standing Committee, whose functions, apart from those established by the Commission, shall be to raise proposals to the plenary session further to the fulfilment of its remit. The composition of the Standing Committee shall be as follows:

a) The Chairman, who shall be the Director-General of the Treasury and Financial Policy.
b) The Director-General of the Police.
c) The Director-General of the Guardia Civil.
d) The Head of the Customs and Excise Department of the Inland Revenue.
e) The Head of the Financial and Tax Inspectorate of the Inland Revenue.
f) The Bank of Spain Director-General sitting on the Commission.
g) The Executive Director of Intelligence of the National Intelligence Service.
h) A representative of the State Secretariat for National Security.
i) A representative of the Crown Prosecutors' Office.
j) The Director of the Executive Service of the Commission.
k) The Deputy Director-General for the Inspection and Control of Capital Movements of the Directorate-General of the Treasury and Financial Policy, who shall act as Secretary to the Standing Committee.
l) One representative of each of the autonomous regions having its own police force for the protection of persons and property and for the maintenance of public safety. The autonomous regions in question shall inform the Chairman annually regarding which of them will participate in Standing Committee meetings. If no such designation is made, they shall attend the meetings of the Standing Committee in alphabetical order with rotation on an annual basis.

Nevertheless, the said autonomous regions may take each others' places at Standing Committee meetings by mutual accord and having notified the Committee Chairman of their decision with at least 24 hours' notice.

Article 22. Support bodies.
Pursuant to article 15 of Law 19/1993, the Commission shall have the following support bodies: the Commission Secretariat and the Executive Service of the Commission.

Article 23. Commission Secretariat.
The Sub Directorate-General of Inspection and Control of Capital Movements under the Directorate-General of the Treasury and Financial Policy shall, in addition to the responsibilities assigned to it regarding cross-border transactions and exchange controls, act as the Commission Secretariat referred to in article 15.1 of Law 19/1993. Specifically, it shall be responsible for:

a) The preparation of draft legislation relative to the prevention of money laundering, for submission to the Commission for information purposes or its approval as the case may be.
b) The institution of penalty proceedings for the commission of the offences described in Law 19/1993, following deliberation by the Standing Committee, and the appointment of examining officers in such proceedings. The said officers shall recommend the appropriate decision to the Commission so the latter may proceed as stated in article 12.1 of Law 19/1993 with regard to the authority empowered to impose penalties.

Article 24. Executive Service.
1. The Executive Service of the Commission, referred to in article 15.2 of Law 19/1993 shall be attached to the Bank of Spain, which shall also appoint its Director.
2. The Executive Service shall act to investigate and prevent administrative offences against the laws on capital movements and cross-border transactions, and to forestall and prevent the utilisation of the financial system or other types of companies or professionals for the purposes of money laundering, in this connection exercising the functions referred to in article 15.2 of Law 19/1993 of 28 December and Law 19/2003 of 4 July.
3. At the proposal of the Commission, the Ministry of Economic and Financial Affairs and the Bank of Spain shall designate members of their staff to work for the Executive Service, assigning them to the posts and administrative grades required in each case. Such staff shall retain the posts held in their original departments or agencies whilst carrying out their new functions.

Similarly, the Commission may call on any of its member organisations to collaborate with the Executive Service by providing the experts considered necessary for carrying out its functions.
Staff serving in the Executive Service, irrespective of their origin, shall be subject to strict conflict of interest rules as regards engaging in other professional activities, public or private.

**Article 25. Police units attached to the Executive Service.**
1. The following police units shall be attached to the Executive Service:
   a) The present Monetary Offences Investigation Unit, under the Directorate-General of Police.
   b) The Investigation Unit of the Guardia Civil.
2. Without prejudice to the functions and competences corresponding to them as judicial police, the two aforementioned units shall have the specific functions of collaborating with the Executive Service, to which they shall be attached, in the discharge of the duties assigned to it under article 15.2 of Law 19/1993 of 28 December, as a result of charges being brought or of a court order or at the decision of the Commission or the Executive Service, exercising the legal powers conferred to this end.
3. The Minister for Home Affairs, at the proposal of the Commission, may second such National Police Force or Guardia Civil officials to the police units attached to the Executive Service as are deemed necessary for the proper discharge of its functions.

Likewise, the competent bodies within the autonomous regions referred to in article 20 shall, at the Commission’s proposal, second such members of their police forces to the Executive Service as are deemed necessary for the proper discharge of its functions.

**Article 26. Duties of professional secrecy of the authorities and staff at the Commission’s service.**
1. All persons working at some point on the Commission’s behalf that have gained knowledge of its activities or had access to data of a confidential nature are obliged to maintain due professional secrecy. Failure to comply with this requirement shall incur liability as provided by law. Such persons may not publish, communicate or exhibit confidential data or documentation, even after they have left its service, unless express authorization has been granted by the Commission.
2. The following items are exempted from the requirements laid down in the preceding paragraph:
   a) The dissemination, publication or communication of data in cases where the party involved gives his or her express consent thereto.
   b) The publication of consolidated data for statistical purposes, or notes in summary or consolidated form, so individual parties cannot be identified, even indirectly.
   c) The supply of information at the request of parliamentary commissions and judicial or administrative authorities legally empowered to make such requests.

The exchange of information between the Executive Service and the tax authorities established in the General Taxation Law shall be governed by an agreement concluded between the Executive Service and the Inland Revenue.
3. The authorities, persons or public bodies receiving information of a confidential nature originating from the Commission shall likewise be bound by the professional secrecy regulated in this article, and may only use such information in the course of their legally established duties.

**CHAPTER V**  
**Collaboration Regime**  
**SECTION 1. INTERNAL COLLABORATION**

**Article 27. Duties of authorities and officials.**
1. Any authority discovering facts that may constitute an indication or evidence of laundering of the proceeds of the activities referred to in article 1 shall inform the Executive Service thereof in writing. They shall also furnish the Executive Service with any information it requires in the discharge of its duties.

The courts shall forward evidence to the Executive Service, on the instruction of the Crown Prosecutor’s Office or upon their own motion, when they discern indications of possible offences under prevention of money-laundering legislation in the course of judicial hearings.
2. Similarly, public officials and other persons working for the public authorities who become apprised of facts of the nature referred to in the preceding section shall report them to the head of the department or agency in which they are serving for the purposes of 1 above.
3. Especially bound by this duty of collaboration shall be property and mercantile registrars, who shall inform the Executive Service in writing of transactions and contracts which come to their knowledge in the course of their
Article 28. Collaboration by certain supervisory agencies.
Pursuant to article 16.2 of Law 19/1993, when the Executive Service is exercising its duties with regard to financial institutions subject to special legislation, the Bank of Spain, the National Securities Markets Commission, the Directorate-General of Insurance and Pension Funds or other supervisory body, and likewise the corresponding regional agency where appropriate, shall supply all the information and collaboration necessary for carrying out such duties.

In any event, the Bank of Spain, the National Securities Markets Commission, the Directorate-General of Insurance and Pension Funds, the Directorate-General of Registries and Notaries, the Institute of Accounting and Auditing, professional associations and the competent bodies at state and regional level, as appropriate, shall provide a reasoned report to the Executive Service when, in the course of their inspection or supervisory labours, they detect possible breaches of the obligations established in Law 19/1993 of 28 December concerning specific measures to prevent money laundering.

SECTION 2. INTERNATIONAL COLLABORATION

Article 29. Information exchange.
1. In accordance with the guidelines to be laid down by the Commission, the Executive Service and, where appropriate, the Secretariat of the Commission shall collaborate with and exchange information directly or through international organisations with the authorities of other States exercising comparable competences, within the framework of related international conventions and agreements and of Community legislation.
2. Collaboration and exchange of information with States which are not members of the European Union shall be governed by the provisions of the relevant international treaties and conventions and, where appropriate, by the general principle of reciprocity. In any event, the authorities of such States must abide by the same rules of professional secrecy as apply to the Spanish authorities.

Article 30. Scope of information requests.
The Commission and, where appropriate, the Commission Secretariat and Executive Service may call on the competent authorities of other European Union Member States, and be called on by the same, to provide data, reports or records relative to the forestalling and prevention of the use of the financial system and other sectors of economic activity for the purposes of money laundering.
2. Both the Commission and its Secretariat or the Executive Service shall fulfil all the information requests addressed to them, where these are necessary and supplement the investigations conducted in the requesting State to obtain the corresponding data, reports or records.

Article 31. Processing of information requests.
1. When the Commission, its Secretariat or the Executive Service receives a request for information on a priority basis in connection with the combating of money laundering, and issued by the competent authority or agency of the requesting State, the Executive Service or the Secretariat, within their respective areas of competence, shall expedite its processing, where necessary instructing the relevant management centres to complete the measures or actions for dealing with the request in the shortest possible time.
2. Where there are serious obstacles to obtaining the information requested, or when the circumstances envisaged in the following article intervene, the Minister for Economic and Financial Affairs shall be informed accordingly and shall convey this fact to the competent authority or agency of the requesting State, stating the nature of the obstacles or circumstances in question.

Article 32. Restrictions on the exchange of information.
In complying with calls for information from other States, account shall be taken of any factors relating to sovereignty, security, national policy and other vital national interests.

Single additional provision. Term for furnishing information on control and reporting units.
The obligated parties referred to in article 11.6 hereinafore shall inform the Executive Service regarding the structure and operation of their control and reporting units within three months of the entry to force of these Regulations, or of the start-up of their activity as the case may be.

Single transitional provision. Content and schedule of reports regarding certain transactions.
Until the issue of the implementing provisions to the present Regulations, all mandatory reports to the Executive
Service as specified in article 7.2 shall be furnished on a monthly basis and shall contain the following information:

a) List and identification particulars of natural and legal persons participating in the transaction.

b) List of the transactions and dates in question, with an indication of their nature, the currency in which they were transacted, the amount, the place or places where the transaction took place and the instruments of payment or collection used.

c) Any other data which the Executive Service may stipulate in the discharge of its duties.

The above documentation shall be sent to the Executive Service between the first and the fifteenth day of each month, and shall include a list of the transactions carried out during the immediately preceding month.

**Preamble and transitional and final provisions of Royal Decree 54/2005 of 21 January:**


This has called for the reform of the Regulations to Law 19/1993 of 28 December, as approved by Royal Decree 925/1995 of 9 June, in order to incorporate the novelties deriving from Law 19/2003 of 4 July. The opportunity has also been taken to introduce certain changes counselled by the experience gained since 1995, dictated by organisational and institutional changes in the Spanish administration, or inspired by the standards issued by bodies like the Financial Action Task Force, the Basle Committee on Banking Supervision, the International Association of Insurance Supervisors (IAIS), the International Organisation of Securities Commissions (IOSCO) or International Financial Institutions.

Now, therefore, at the proposal of the Minister for Economic and Financial Affairs, with the prior approval of the Minister of Public Authorities, with the agreement of the Council of State and after deliberation by the Council of Ministers at its meeting of ... January 2005,

I DECREE:

(...)

**Single transitional provision. Provisional validity of the list of tax havens.**

Until such time as the Minister for Economic and Financial Affairs issues the list of countries or territories referred to in articles 5 and 7 of the Regulations to Law 19/1993 of 28 December concerning specific measures to prevent money laundering, as approved by Royal Decree 925/1995 of 9 June, the list established in Royal Decree 1080/1991 of 5 July, supplemented by an Order of the Minister for Economic Affairs dated 24 October 2002, or the provisions replacing them, shall remain in force for the purposes set out in the said legal and regulatory texts.

**First final provision. Amendment of Royal Decree 1245/1995 of 14 July on the incorporation of banks, crossborder activity and other issues relating to the legal regime of credit institutions.**

Royal Decree 1245/1995 of 14 July on the incorporation of banks, cross-border activity and other issues relating to the legal regime of credit institutions is amended as indicated below:

One. Article 1, section 1, to read as follows:

"1. The Minister for Economic and Financial Affairs shall be responsible for authorising the incorporation of banks, following reports from the Bank of Spain and the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences in their respective areas of competence."

Two. A new paragraph i) is added to article 2, section 1, to read as follows:

"i) It shall have suitable internal control and reporting units and procedures to forestall or prevent the conduct of any transaction linked to money laundering under the terms established in articles 11 and 12 of the Regulations to Law 19/1993 of 28 December, concerning specific measures to! prevent money laundering, as approved by Royal Decree 925/1995 of 9 June."

Three. Paragraph b) of article 3, to read as follows:

"b) A programme of activities specifying the type of business envisaged, administrative and accounting organisation, internal control procedures and the internal control and reporting units and procedures established to forestall and prevent the conduct of transactions linked to money laundering."
Second final provision. Amendment of Decree 1838/1975 of 3 July on the incorporation of savings banks and the distribution of their net surpluses.

Decree 1838/1975 of 3 July on the incorporation of savings banks and the distribution of their net surpluses is amended as indicated below:

One. Article 1, to read as follows:

"Article 1. The Minister for Economic and Financial Affairs shall be responsible for authorising the incorporation of new Spanish savings banks and of subsidiaries and branches of foreign savings banks, following a report from the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences, in the area of its competence, and at the proposal of the Bank of Spain, provided the said savings banks, subsidiaries and branches meet the conditions set out in the following articles."

Two. Paragraph b) of article 2, section 1, to read as follows:

"b) A programme of activities specifying the type of business envisaged and the structure and organisation of the savings bank, which shall be staffed by persons having the necessary experience and repute to carry out their functions, and the internal control and reporting units and procedures to be established to forestall and prevent the conduct of transactions linked to money laundering."

Three. A new paragraph three is added to article 4, to read as follows:

"i) Likewise, it shall have suitable internal control and reporting units and procedures to forestall or prevent the conduct of any transaction linked to money laundering under the terms established in articles 11 and 12 of the Regulations to Law 19/1993 of 28 December, concerning specific measures to prevent money laundering, as approved by Royal Decree 925/1995 of 9 June."

Third final provision. Amendment of the Regulations to Law 13/1989 of 26 May on credit cooperatives, as approved by Royal Decree 84/1993 of 22 January.

The Regulations to Law 13/1989 of 26 May on credit cooperatives, as approved by Royal Decree 84/1993 of 22 January are amended as indicated below:

One. Article 1, section, to read as follows:

"1. The Minister for Economic and Financial Affairs shall be responsible for authorising the formation of credit cooperatives, following reports from the Bank of Spain and the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences in their respective areas of competence, bringing the administrative proceeding to an end. Authorisation may be refused for failure to comply with the conditions established in articles 2, 3 and 4 or for the reasons stated in article 5."

Two. A new paragraph h) is added to article 2, section 1, to read as follows:

"h) Have suitable internal control and reporting units and procedures to forestall or prevent the conduct of any transaction linked to money laundering under the terms established in articles 11 and 12 of the Regulations to Law 19/1993 of 28 December, concerning specific measures to prevent money laundering, as approved by Royal Decree 925/1995 of 9 June."

Three. Paragraph b) of article 4, section 1, to read as follows:

"b) A programme of activities specifying the type of business envisaged, the organisational structure of the institution, the relation between its operations and the financial needs of its members, and the internal control and reporting units and procedures to be established to forestall and prevent the conduct of transactions linked to money laundering."

Fourth final provision. Amendment of Royal Decree 2660/1998 of 14 December regulating the exchange of foreign currency in establishments open to the public other than credit institutions.

Royal Decree 2660/1998 of 14 December regulating the exchange of foreign currency in establishments open to the public other than credit institutions is amended as indicated below:

One. Article 3, section 1, to read as follows:

"1. The Bank of Spain is the body empowered to authorise the exercise of currency exchange operations in the establishments dealt with in this Royal Decree, following a report from the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences in the area of its competence. The corresponding licenses shall be granted in accordance with the procedure laid down in title VI of Law 30/1992 of 26 November on the Legal Regime governing the Public Administration and the Common Administrative Procedure. The license document shall specify the activities that may be carried out by the corresponding currency exchange establishment.
The Bank of Spain shall turn down license applications for exchange establishments, issuing a reasoned
decision to that effect, when the applicant fails to meet the conditions established in articles 4 and 5 of this Royal
Decree. An appeal as of right may be lodged against refusals with the Minister for Economic and Financial
Affairs.”.

Two. A new paragraph e) is added to article 4, section 2, to read as follows:
“e) Have suitable internal control and reporting units and procedures to forestall or prevent the conduct of any
transaction linked to money laundering under the terms established in articles 11 and 12 of the Regulations to
Law 19/1993 of 28 December, concerning specific measures to prevent money laundering, as approved by Royal
Decree 925/1995 of 9 June.”.

Three. Paragraph c) of article 5, section 3, to read as follows:
“c) A programme of activities specifying the type of business envisaged, basic data on the staff and technical
resources at the company’s command, its organisational structure, and the internal control and reporting units
and procedures to be established to forestall and prevent the conduct of transactions linked to money
laundering.”.

Fifth final provision. Amendment of Royal Decree 692/1996 of 26 April on the legal regime of financial credit
entities.
Royal Decree 692/1996 of 26 April on the legal regime of financial credit entities is amended as indicated below:
One. Article 3, section 1, to read as follows:
“1. The Minister for Economic and Financial Affairs shall be responsible for authorising the formation of
financial credit entities following reports from the Bank of Spain and the Executive Service of the Commission for
the Prevention of Money Laundering and Monetary Offences in their respective areas of competence. The
license shall state the activities that may be carried out by the financial credit entity according to the programme
submitted by the same.”.

Two. A new paragraph h) is added to article 5, section 1, to read as follows:
“h) It shall have suitable internal control and reporting units and procedures to forestall or prevent the conduct
of any transaction linked to money laundering under the terms established in articles 11 and 12 of the
Regulations to Law 19/1993 of 28 December, concerning specific measures to prevent money laundering, as
approved by Royal Decree 925/1995 of 9 June.”.

Three. Paragraph b) of article 6, section 1, to read as follows:
“b) A programme of activities specifying the type of business envisaged, administrative and accounting
organisation, internal control procedures and the internal control and reporting units and procedures established
to forestall and prevent the conduct of transactions linked to money laundering.”.

Sixth final provision. Amendment of Royal Decree 867/2001 of 20 July on the legal regime for investment firms.
A new paragraph is added to section 1.f) of article 14 of Royal Decree 867/2001 dated 20 July on the legal
regime for investment firms, to read as follows:
“The entity shall in any event have suitable internal control and reporting units and procedures to forestall or
prevent the conduct of any transaction linked to money laundering under the terms established in articles 11 and 12
of the Regulations to Law 19/1993 of 28 December, concerning specific measures to prevent money laundering, as
approved by Royal Decree 925/1995 of 9 June.”.

Seventh final provision. Amendment of the Regulations to Law 46/1984 of 26 December regulating collective
investment undertakings, as approved by Royal Decree 1393/1990 of 2 November.
A new paragraph d) is added to article 9, section 2 of the Regulations to Law 46/1984 of 26 December regulating
collective investment undertakings, as approved by Royal Decree 1393/1990 of 2 November, to read as follows:
“d) Have suitable internal control and reporting units and procedures to forestall or prevent the conduct of any
transaction linked to money laundering under the terms established in articles 11 and 12 of the Regulations to
Law 19/1993 of 28 December, concerning specific measures to prevent money laundering, as approved by Royal
Decree 925/1995 of 9 June.”.

Eighth final provision. Amendment of the Regulations setting out the organisational and supervisory framework
for private insurance, as approved by Royal Decree 2486/1998 of 20 November.
A new paragraph 9 is added to article 24, section 1 of the Regulations setting out the organisational and
supervisory framework for private insurance, as approved by Royal Decree 2486/1998 of 20 November, to read as follows:

“9. Suitable internal control and reporting units and procedures to forestall or prevent the conduct of any transaction linked to money laundering under the terms established in articles 11 and 12 of the Regulations to Law 19/1993 of 28 December, concerning specific measures to prevent money laundering, as approved by Royal Decree 925/1995 of 9 June. In the case of firms acting through insurance brokers or agents, specific procedures and conditions shall be laid down to guarantee compliance with the obligations stated in the said Regulations.”

**Ninth final provision. Entry to force**

The present Royal Decree shall come into force three months after its publication in the Official State Gazette [Boletín Oficial del Estado]. Notwithstanding the foregoing, paragraphs h), i) and j) of section 2 of article 2, section 6 of article 3 and paragraphs c), d) and e) of section 2 of article 5 of the Regulations shall come into force twelve months after the publication of this Royal Decree. As regards the new transactions brought within the scope of article 7.2 of the Regulations, obligated parties shall include them starting from the first monthly report due in after twelve full calendar months have elapsed from the date of publication of this Royal Decree.

Done in Madrid, on 21 January 2005.

JUAN CARLOS R.
Second Vice President of the Government
and Minister for Economic and Financial Affairs,
PEDRO SOLBES MIRA