

Law 10/2010, of April 28, on the Prevention of Money-Laundering and Terrorist Financing.

SMLA: RELEVANT PROVISIONS FOR SUBSTITUTED COMPLIANCE APPLICATION PURPOSES

Article 3. Formal identification.

1. The obliged persons shall identify the natural or legal persons intending to enter into business relations or to act in any transaction.

Under no circumstances shall the obliged persons maintain business relationships or carry out transactions with natural or legal persons who have not been duly identified. In particular, the opening, contracting or maintenance of accounts, passbooks, safety boxes, assets or instruments that are numbered, encrypted, anonymous or under fictitious names shall be prohibited.

2. Before entering into the business relationship or executing any transactions, the obliged persons shall verify the identity of the participants using reliable and irrefutable documentary evidence. If the identity of the participants cannot be initially verified by documentary evidence, article 12 may be applied, unless there are elements of risk in the transaction.

The documents to be considered as proof of identification shall be established in the regulations.

3. In life insurance, the identity of the policyholder must be verified before conclusion of the contract. The identity of the beneficiary of the life insurance must be verified in all cases before payment of the benefit under the contract or the exercise of the rights of redemption, payment or pledge granted by the policy.

Article 4. Identification of the beneficial owner.

1. The obliged persons shall identify the beneficial owner and take appropriate steps to verify the identity of the latter before entering into business relations or executing any transactions.

2. For the purposes of this Act, beneficial owner shall mean:

a) Natural person or persons on whose behalf it is intended to establish a business relationship or intervene in any transaction.

b) Natural person or persons who ultimately owns or controls, directly or indirectly, a percentage of more than 25 percent of the capital or voting rights of a legal person, or who by other means exercises control, directly or indirectly, over the management of a legal person. For the purpose of the definition of control, article 42 of the Commercial Code shall apply, among others.

Control through other means may be determined, inter alia, in accordance with the criteria in Article 22(1) to (5) of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC.

Companies listed on a regulated market that is subject to disclosure requirements consistent with Union law or subject to equivalent international standards which ensure adequate transparency of ownership information are exempted.

b) bis In cases in which there is no natural person who directly or indirectly owns or controls more than 25 per cent of the share capital or voting rights of the legal person, or who by other means exercises direct or indirect control of the legal person, that control will be deemed to be exercised by the director or directors. If the director is a legal person, the control will be deemed to be exercised by the natural person appointed by the legal person. The obliged person shall verify its identity and indicate the measures adopted and the difficulties during the verification process.

c) In the case of trusts, all following persons shall be considered as beneficial owners:

(i) the settlor(s);

(ii) the trustee(s);

(iii) the protector(s), if any;

(iv) the beneficiaries or where the individuals benefiting from the legal arrangement or entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates;

(v) any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means;

d) In the case of legal arrangements similar to trusts, as *fiducia* or the German *treuhand*, the obliged persons shall identify and adopt appropriate measures to verify the identity of the personas mentioned in c) above.

3. The obliged persons shall gather information on clients to determine whether they are acting on their own or for third parties. Where there are indications or certainty that clients are not acting on their own, the institutions and persons covered by this Act shall gather the information required in order to find out the identity of the persons on whose behalf they are acting.

4. The obliged persons shall take appropriate steps to identify the structure of ownership and control of legal persons. The obliged persons will not establish or maintain business relationships with legal persons whose ownership or control structure has not been possible to ascertain. In the case of corporations whose shares are represented by bearer shares, the preceding prohibition will be applicable unless the obliged person ascertains by other means the ownership and control structure. This provision will not be applicable to the conversion of bearer shares in registered shares or book entries.

Article 4 bis. Information on beneficial ownership of legal persons.

1. Regardless of any obligations that might be applicable pursuant to the relevant regulations, corporate companies, foundations, associations and any other legal persons that may be subject to the obligation of stating its beneficial ownership, provided that they were incorporated under the laws of Spain or have their registered office or a branch in Spain, shall obtain, maintain and update information on the beneficial owner or owners of said legal person, pursuant to the criteria set out in article 4. Information on the beneficial owners shall be kept for a period of 10 years as from the moment in which the beneficial owner ceases to have said status under the applicable regulation.

2. The entities set out in section 1 will make available to regulated entities the information referred to in this article when establishing business relationships or carrying out occasional transactions, so that the aforementioned regulated entities may comply with their obligations as regards the prevention of money laundering and terrorism financing.
3. The updated information on beneficial ownership shall be kept by:
 - a. The sole director or the several or joint and several directors.
 - b. The Board of Directors, as well as, more specifically, the secretary of the Board of Directors, whether the secretary is a member of the Board or not.
 - c. The foundation's board of trustees and its secretary.
 - d. The association's representative body and its secretary.
4. All natural persons that may be deemed as beneficial owners in accordance with article 4 shall submit immediately to the persons listed in article 3, from the moment in which they are aware of their condition, their condition as beneficial owners, including the following identification data:
 - a. Full name and surname.
 - b. Date of birth.
 - c. Type and number of identification document (in the event that the relevant beneficial owners are Spanish nationals or persons residing in Spain, the number of the identification document issued in Spain shall always be included).
 - d. Issuing country of the identification document, should the Spanish National Identification Card or the Spanish resident card not be used.
 - e. Country of residence.
 - f. Nationality.
 - g. Criterion that has been applied in order for said person to qualify as a beneficial owner.
 - h. In the event of beneficial ownership due to direct or indirect ownership of shares or voting rights, shareholding percentage, including, in the event of indirect ownership, information on the intermediate legal persons and the beneficial owner's shareholding in each of said intermediate entities.
 - i. Any other information that may be required in accordance with the applicable regulations.

Article 4 ter. Information on beneficial ownership on trusts and other analogous legal instruments.

1. Any legal or natural persons that reside or have an establishment in Spain and that act as trustees, managing or administering trusts such as the Anglo-Saxon trust and other similar types of legal instruments with activities in Spain, shall obtain, maintain and update information on the beneficial owners, in accordance with articles 4.2. c) and d). Information on the beneficial

owners shall be kept for a period of 10 years as from the moment in which the beneficial owner ceases to have said status.

2. The trustees and persons that hold a similar position shall, when establishing business relationships or carrying out occasional transactions, inform on the condition in which they act to regulated entities, making available to said entities the information referred to in this article.
3. All natural persons that might be deemed as beneficial owners in accordance with articles 4.2 c) and d) shall submit immediately to the trustees or persons that hold a similar position, from the moment in which they are aware of their condition, their condition as beneficial owners, including the following identification data:
 - a. Full name and surname.
 - b. Date of birth.
 - c. Type and number of identification document (in the event that the relevant beneficial owners are Spanish nationals or persons residing in Spain, the number of the identification document issued in Spain shall always be included).
 - d. Issuing country of the identification document, should the Spanish National Identification Card or the Spanish resident card not be used.
 - e. Country of residence.
 - f. Nationality.
 - g. Criterion that has been applied in order for said person to qualify as a beneficial owner.
 - h. Any other information that may be required in accordance with the applicable regulations.

Article 5. Purpose and nature of the business relationship.

The obliged persons shall obtain information on the purpose and intended nature of the business relationship. In particular, the obliged persons shall gather information from their clients in order to find out the nature of their professional or business activities and shall take reasonable steps to verify the accuracy of this information.

Such measures shall include the establishment and implementation of procedures to verify the activities declared by clients. Such procedures shall take into account the different levels of risk and be based on obtaining from clients documents relating to the stated activity or on obtaining information regarding the latter from a source other than the client.

Article 6. Ongoing monitoring of the business relationship.

The obliged persons shall conduct ongoing monitoring of the business relationship including scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with their knowledge of the customer, the business and risk profile, including the source of funds and to ensure that the documents, data and information held are kept up-to-date.

Article 7. Application of due diligence measures.

1. The obliged persons shall apply each of the customer due diligence measures provided for in the previous articles, but may determine the degree of application of the measures provided for in articles 4, 5 and 6 on a risk-sensitive basis depending on the type of customer, business relationship, product or transaction, which circumstances are set down in the explicit customer admissions policy referred to in article 26.

The obliged persons shall be able to demonstrate to the competent authorities that the extent of the measures is appropriate in view of the risks of money laundering and terrorist financing through a prior risk analysis which must, in any event, be set down in writing.

In all events, the institutions and persons covered by this Act shall implement the due diligence measures when there is suspicion of money laundering or terrorist financing, regardless of any derogation, exemption or threshold, or when there are doubts about the veracity or adequacy of previously obtained data.

2. Without prejudice to the second subparagraph of article 3.1, the institutions and persons covered by this Act shall apply the due diligence measures provided for in this Chapter not only to all new customers but also to existing customers, on a risk-sensitive basis.

In any event, the obliged persons shall apply the due diligence measures to existing customers who contract new products, the circumstances of the client have changed or conduct a transaction that is significant for its volume or complexity and, in any event, when the obliged person has to contact with the clients to review the information on the ownership or beneficial owner during the calendar year.

The provisions of this paragraph shall be without prejudice to the liability applicable through the breach of obligations in force before the coming into force of this Act.

3. The obliged persons shall not enter into business relationships or execute transactions when they cannot apply the due diligence measures required in this Act. If this is found to be impossible during the course of the business relationship, the obliged persons shall terminate the latter and conduct the special review set out in article 17.

The refusal to enter into business relations or execute transactions or the termination of the business relationship due to the impossibility of applying the due diligence measures hereunder shall not entail any liability for the obliged persons, except if this should involve unfair enrichment.

4. The obliged persons shall apply the due diligence measures set forth in this Chapter to trusts as the English trust, *fiducia*, the German *treuhand*, and other legal arrangements or patrimonies which, despite lacking legal personality, may act in the course of trade.

5. Casinos shall identify and verify with documentary proof the identity of all persons intending to enter the establishment. The identity of such persons shall be recorded, subject to compliance with the provisions of article 25.

Likewise, casinos shall identify all persons intending to perform the following transactions:

- a) The delivery of checks to customers as a result of the exchange of chips.
- b) Transfers of funds made by casinos at the request of customers.
- c) The issue by casinos of certificates providing evidence of the gains obtained by players.

When carrying out transactions with a value of EUR 2,000 or more in a single operation or in several operations which appear to be linked as a result of the collection of winnings or the purchase or sale of

gambling chips, the casinos shall apply the rest of due diligence measures as provided for in this section.

6. Providers of gambling services by electronic, IT, telematic and interactive means shall identify and verify the identity of any person that intends to participate in the games or bets as provided for in the regulations.

When carrying out transactions with a value of EUR 2,000 or more in a single operation or in several operations which appear to be linked as a result of the collection of winnings or making bets, these providers of gambling services shall apply the rest of due diligence measures as provided for in this section.

Face-to-face providers of gambling will apply the due diligence measures when carrying out transactions with a value of EUR 2,000 or more in a single operation or in several operations which appear to be linked.

7. Regulations may authorise the non-application of all or any of the due diligence measures or record keeping in relation to occasional transactions not exceeding a certain amount, once or accumulated for a period of time.

8. The financial entities acting as acquiring entities can only accept payments carried out with anonymous prepaid cards issued in third countries where such cards meet requirements set out in article 12 of the Directive (UE) 2015/849.

Article 8. Third-party application of due diligence measures.

1. The obliged persons may rely on third parties under this Section to apply the due diligence measures provided for in this Section, with the exception of ongoing monitoring of the business relationship. However, this limitation does not apply to groups.

Nonetheless, the obliged persons shall maintain full responsibility for the business relationship or transaction, even when the breach is attributable to the third party, without prejudice, where applicable, to the liability of the latter.

2. The obliged persons may rely on third parties covered by the legislation on prevention of money laundering and terrorist financing of other Member States of the European Union or equivalent third countries, the member organisations or federations of those obliged entities, even if the documents or data required by the latter are different to those under this Act and provided that its compliance is subject to the supervision of the relevant authorities.

It shall be prohibited to rely on third parties resident in third countries established in high-risk third countries in accordance with a European Commission Decision pursuant to article 9 of the Directive (UE) 2015/849, of 20 May 2015, with the exemption of branches and majority-owned subsidiaries of obliged entities established in the Union from that prohibition where those branches and majority-owned subsidiaries fully comply with the group-wide policies and procedures.

3. Reliance on third parties for the implementation of due diligence measures shall require the prior execution of a written agreement between the obliged person and the third party to formalise the respective obligations.

Third parties shall make information obtained in application of the due diligence measures immediately available to the obliged person. Likewise, the third parties shall send to the obliged person, at the request of the latter, a copy of the documents requested pursuant to this section.

4. The provisions of this article shall not apply to outsourcing or agency relationships where, on the basis of a contractual agreement, the outsourcing service provider or agent is to be regarded as part of the obliged person.

The obliged person, notwithstanding maintaining full responsibility for the customer, may accept the due diligence measures implemented by their subsidiaries or branches established in Spain or in third countries.

Article 11. Enhanced customer due diligence.

1. The obliged persons shall, in addition to the normal due diligence measures, apply enhanced measures in relation to countries with strategies deficiencies in their national money laundering or terrorism financing systems and they are included in the decision of the European Commission approved in accordance with article 9 of the Directive (EU) 2015/849 of the European Parliament and Council of 20 May 2015.

2. The obliged persons shall, in addition to the normal due diligence measures, apply enhanced measures in the cases provided for in this section and in any other that, for its high risk of money laundering or terrorist financing, is determined by the regulations.

Likewise, the institutions and persons covered by this Act shall apply, on a risk-sensitive basis, enhanced customer due diligence measures in situations which by their nature can present a higher risk of money laundering or terrorist financing. In any event, private banking activity, money remittance services and foreign exchange operations shall have this consideration.

3. The regulations may specify the enhanced customer due diligence measures required in the areas of business or activities that can pose a higher risk of money laundering or terrorist financing.

Article 12. Business relationships and transactions without physical presence.

1. The obliged persons may establish business relations or execute transactions by telephone, electronic and telematic means with customers who are not physically present, provided that one of the following conditions is met:

a) The customer's identity is accredited by qualified electronic signature governed by Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC. In this case, the copy of the identification will not be required although the record keeping of the identification data which proves the validity of the procedure will be mandatory.

b) The first deposit originates from an account in the same client's name opened in Spain, the European Union or in equivalent third countries.

c) The requirements to be determined in the regulations are judged to be met.

In any event, within one month of entering into the business relationship, the obliged persons must obtain from these customers a copy of the documents required to practice due diligence.

Where discrepancies are observed between the data supplied by the customer and the other information accessible or in the possession of the obliged person, a face-toface identification will be required.

The obliged persons shall take additional due diligence measures when in the course of the business relationship they perceive the risk to be above the average risk level.

2. The obliged persons shall establish policies and procedures to address the specific risks associated with non-face-to-face business relationships and transactions.

Article 13. Cross-border correspondent banking.

1. Cross-border correspondent banking means the provision of banking services by one bank as the correspondent to another bank as the respondent, including providing a current or other liability account and related services, such as cash management, international funds transfers, cheque clearing, payable-through accounts and foreign exchange services;

The cross-border correspondent banking means the relationships between and among credit institutions and financial institutions including where similar services are provided by a correspondent institution to a respondent institution, and including relationships established for securities transactions or funds transfers. In all cases this article will be applicable.

2. In respect of cross-border correspondent banking relationships with respondent institutions from third countries, credit institutions shall apply the following measures:

a) Gather sufficient information about a respondent institution to understand the nature of the respondent's business and to determine from publicly available information its reputation and the quality of its supervision.

b) Assess the respondent institution's antimoney laundering and anti-terrorist financing controls.

c) Obtain approval from at least the immediate senior manager with directive responsibility before establishing new correspondent banking relationships. The internal proceeding of the entity shall establish the minimum management level to authorise the engagement or keeping the business relationships which can be adapted on a risk sensitive basis. This function can only be performed by a person with sufficient knowledge of the institution's money laundering and terrorist financing risk exposure and sufficient seniority to take decisions affecting its risk exposure.

d) Document the respective responsibilities of each institution.

3. Credit institutions shall not enter into or continue correspondent relationships with shell banks. Likewise, credit institutions shall take appropriate measures to ensure that they do not engage in or continue correspondent banking relationships with a bank that is known to permit its accounts to be used by shell banks.

For this purpose shell bank means a credit institution, or an institution engaged in equivalent activities, incorporated in a jurisdiction in which it has no physical presence involving management and directorate, and which is unaffiliated with a regulated financial group.

4. The credit institutions covered by this Act shall not engage in or continue correspondent banking relationships that, either directly or through a sub-account, enable the customers of the respondent credit institution to execute transactions.

Article 14. Politically exposed persons

1. The obliged persons shall apply the enhanced measures of due diligence contained in this article to the business relations or transactions of politically exposed persons.

2. It shall be considered politically exposed persons those who are or have been entrusted with prominent public functions by election, appointment or investiture in other Member States of the European Union or third countries, such as heads of state, heads of government, ministers or other

members of government, state secretaries or sub-secretaries, members of parliament, supreme court judges, constitutional court judges or other high-level judicial bodies whose decisions are not usually subject to appeal, except in exceptional circumstances and the equivalent members of the public prosecution, the members of courts of auditors, board members of central banks, ambassadors, charges d'affaires, senior military personnel of the Armed Forces, members of administrative bodies, management bodies or supervisory bodies of state-owned companies, the directors, deputy directors and members of the board of directors or equivalent function of an international organization; and senior management of political parties with parliamentary representation.

3. In addition, the following shall be considered politically exposed persons

- a) The people, other than those listed in the previous section, considered as high position in accordance with the provisions of Article 1 of the Act 3/2015, 30 March, regulating the exercise of the high positions of the General Administration of the State.
- b) Additionally, the following persons shall be considered to have a public responsibility and be held publicly accountable: those persons who are or have been entrusted with prominent public functions in the Spanish Autonomous Communities, such as Presidents and Directors and other members of Government Councils, as well as those persons with equivalent positions to the ones described in letter b) and senior officials and regional members of parliament and senior management positions of political parties with autonomic representation.
- c) At the local Spanish level, mayors, councilors and as those persons with equivalent positions to the ones described in letter b) of provincial capitals or Autonomous Community Local Bodies with more than 50,000 inhabitants, as well as senior management positions of political parties with representation in such subscriptions.
- d) Senior managers in trade unions or business organizations.
- e) The persons with important public functions in the international organizations recognized in Spain included in the list created for this purpose by these organizations in accordance with section 2.

Commission for the Prevention of Money Laundering and Monetary Offences shall draft and publish a list where it will be detailed the type of functions and positions considered as politically exposed persons.

4. None of the above categories include public employees on intermediate or more junior levels.

5. In relation to the customers or beneficial owners included in this article, the obliged subject must in any case:

a) Apply adequate risk management procedures in order to determine whether the customer or the beneficial owner is a politically exposed person. Such procedures shall be included in the express customer admission policy referred to in article 26.1.

b) Obtain authorisation from at least the immediate senior manager, in order to establish or maintain business relationships.

c) Take adequate measures in order to determine the source of wealth and source of funds.

d) Conduct permanent enhanced ongoing monitoring of the business relationship.

The internal proceeding of the entity shall establish the minimum management to authorise the engagement or keeping the business relationships which can be adapted on a risk sensitive basis and the particular client. This function can only be performed by a person with sufficient knowledge of the institution's money laundering and terrorist financing risk exposure and sufficient seniority to take decisions affecting its risk exposure.

Obligated persons shall apply the measures established in the two preceding paragraphs to the family members and close associates of the politically exposed persons.

To the effects and purposes of this article, family members shall be understood to include spouse or a person in a similar stable relationship, as well as parents and children, and spouses of the children or persons in a similar stable relationship with the children.

A close associate shall be considered to be any natural person who is known to hold the ownership or control of a legal instrument or person jointly with a politically exposed person, or who maintains some other kind of close business relationship with a politically exposed person, or who holds the ownership or control of a legal instrument or person which is known to have been established to the benefit of a politically exposed person.

5. Obligated persons shall apply reasonable measures to determine whether the beneficiary of an insurance policy and, as the case may be, the beneficial owner of the beneficiary, is a politically exposed person, prior to the payment of the benefit derived from the insurance contract or to the exercise of the rights of redemption, advance payment or pledge conferred by the policy. In addition to the routine due diligence, obligated persons must:

a) Report to at least the immediate management level, prior to proceeding with the pay out, redemption, advance or pledge.

b) Make an enhanced scrutiny of the entire business relationship with the policyholder.

c) Carry out the special reviewing described in article 17 for the purpose of determining whether the reporting of a suspicious transaction is in order, pursuant to article 18.

68 Without prejudice to compliance with the requirements established in the preceding paragraphs, whenever special reviewing must be undertaken, due to the concurrence of the circumstances described in article 17, obligated persons shall adopt appropriate measures in order to ascertain the possible participation in the fact or transaction of a person who has or has had the status in Spain of an elective public office or senior public official, or of the family members or close associates of such person.

9. Without prejudice to the provision made in article 11, whenever the persons considered in the preceding paragraphs no longer perform their functions, obligors shall continue to apply the measures contained in this article during a period of two years. After the two years period, the obliged subject will apply appropriate due diligence measures on the risk sensitive basis of the client and until it is determined that the client does not longer imply a risk as a consequence of its former position as politically exposed person

Article 15. Data processing of politically exposed persons.

1. For application of the measures set out in the preceding article, institutions and persons covered by this Act may create files containing the identifying data of politically exposed persons, even if they do not maintain a business relationship with them.

For this purpose, obliged persons may gather the information available on politically exposed persons without their consent, even if this information is not available in sources that are available to the public.

The data contained in the files created by the obliged persons may only be used for compliance of the enhanced due diligence measures provided for in this Act.

2. It will also be possible for third parties other than the obliged subjects to create files that contain information identifying individuals with the status of politically exposed persons for the sole purpose of cooperating with the obliged persons in the compliance of enhanced customer due diligence measures.

The persons or entities that create these files may not use the data for any purpose other than that designated in the previous subparagraph.

3. The processing and transfer of data referred to in the previous two paragraphs shall be subject to the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, hereinafter Regulation EU 2016/679 of 27 April 2016 and Organic Law 3/2018 of 5 December personal data and guarantee of digital rights, hereinafter Organic Law 3/2018 of 5 December

Nonetheless, it will not be necessary to inform those concerned about the inclusion of their data in the files referred to in this article.

4. The obliged persons and third parties referred to in paragraph 2 shall establish procedures for the continuous updating of the data contained in the files on politically exposed persons.

In any event, it shall be applied appropriate technical and organisational measures to guarantee level of security appropriated to the risk presented.

Article 16. *Products or transactions favouring anonymity and new developing technologies.*

The obliged persons shall pay special attention to any money laundering or terrorist financing threat that may arise from products or transactions that might favour anonymity, or from new developing technologies, and take appropriate measures to prevent their use for money laundering or terrorist financing purposes.

In such cases, obliged persons shall conduct a specific analysis of possible money laundering or terrorist financing threats, which should be documented and made available to the competent authorities.

Article 26. Internal controls.

1. Obligated persons shall adopt in writing and implement adequate policies and procedures of customer due diligence, reporting, record keeping, internal control, risk assessment and management, ensuring the reporting and the compliance with the provisions of this Act in order to forestall and prevent transactions related to money laundering or terrorist financing.

2. Obligated persons, with the exceptions determined in the regulations, shall adopt in writing and implement an explicit customer admission policy. The said policy shall include a description of the kinds

of customers potentially presenting a higher-than-average risk. Customer admission policies shall be gradual, with extra precautions taken for those customers presenting a higher-than average risk.

Where there is a centralised prevention body for the collegiate professions covered by this Act, the latter shall be responsible for the approval in writing of the aforementioned policy of customer admissions.

3. These policies and procedures shall be applicable to group branches and subsidiaries located in third countries, without prejudice of the necessary adaptations to comply with the host member legislation. In the case of branches and subsidiaries located in EU Member States, the obliged person shall comply with the rules of the host Member State. For the purpose of the definition of group, article 42 of the Commercial Code shall apply.

4. Without prejudice of this Act, Spanish entities acting in a UE member through agents or a permanent establishment other than a branch, shall comply with the anti-money laundering and anti-terrorist financing legislation of the EU member when they are operating.

5. Obligated persons shall adopt an appropriate manual for the prevention of money laundering and terrorist financing, which shall be kept up to date, with complete information on the internal control measures referred to in the previous paragraphs. The manual shall be available to the Executive Service and, in case of convention, the supervisory authorities of the financial entities, for the performance of its supervisory and inspection duties.

6. The Executive Service and, in case of convention, the supervisory authorities of the financial entities may propose to the Standing Committee of the Commission for the Prevention of Money Laundering and Monetary Offences the formulation of formal requests to urge obliged persons to take appropriate corrective measures to the Manual and internal proceedings.

7. Regulations may determine the obliged subject exempted from the compliance of the requirements set out in section 1, 2 and 5 above of this article.