UIFAND
UNITAT D'INTEL·LIGÈNCIA FINANCERA D'ANDORRA

TECHNICAL COMMUNIQUÉ CT-04/2026

Criteria for the application of simplified due diligence measures

Andorra la Vella, 13 August 2026

Dear Sir/Madam,

Article 9.3 of Law 14/2017, of 22 June, on the prevention of and fight against money or securities laundering and terrorist financing (hereinafter, Law 14/2017), establishes that reporting entities must determine the extent of due diligence measures according to the risk.

Furthermore, Article 11 of Law 14/2017 establishes that reporting entities may apply simplified due diligence measures in cases where the business relationship or occasional transaction presents a reduced risk, in accordance with the factors referred to in the same article.

For this purpose, the application of simplified due diligence measures forms part of the preventive model provided for in Law 14/2017, and does not constitute an exception to compliance with due diligence obligations, nor does it entail a reduction in the level of requirements applicable to reporting entities. Consequently, the purpose of simplified due diligence measures is to adapt the scope, intensity and frequency of control measures to the identified level of risk and to focus resources on those business relationships that entail greater risk.

In this regard, the Financial Action Task Force (FATF), at its plenary meeting in February 2025, amended the international standard in order to promote actions that improve understanding of the circumstances for the adoption of simplified measures, and to encourage their use within the framework of a risk-based methodology.

Following this standard, the UIFAND encourages reporting entities to apply simplified due diligence measures in those cases where, on the basis of an adequate and documented assessment, a reduced risk has been identified, so that the resources allocated to the prevention of money or securities laundering and terrorist financing are assigned proportionately to the risk and can be concentrated with greater intensity on those areas, customers, business relationships or transactions that present a higher risk.

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1. General principles

The application of simplified due diligence measures requires the reporting entity to have previously determined and documented, on the basis of a sufficient risk assessment, that a business relationship or an occasional transaction presents a reduced risk.

The risk classification must be based on an overall assessment of all the circumstances present and, in this regard, the factors provided for in Article 11 of Law 14/2017 constitute relevant elements for this assessment, but do not, by themselves, determine the final risk classification.

Therefore, the presence of one or more factors compatible with a reduced risk does not necessarily imply that simplified measures should be applied. Likewise, the absence of any of the factors provided for in Article 11 does not prevent the reporting entity, following a sufficiently reasoned assessment, from concluding that the risk is reduced.

The decision to apply simplified due diligence measures must form part of the ordinary risk assessment process and must be duly documented, so that the reporting entity can substantiate the criteria used to classify the business relationship, as well as the consistency between the identified level of risk and the due diligence measures applied.

Furthermore, and in all cases, the reporting entity must maintain sufficient knowledge of the customer, the beneficial owner, the purpose and intended nature of the business relationship, as well as adequate ongoing monitoring to detect any unusual or suspicious transactions.

2. Application of simplified due diligence measures

Once it has been determined that the risk is reduced, the reporting entity adjusts the due diligence measures applicable to the circumstances of the business relationship.

This adjustment may affect the nature, scope, intensity or frequency of the measures applied, provided that the capacity to comply with the obligations provided for in Law 14/2017 and to detect any circumstance that may modify the level of risk initially attributed is maintained.

The application of simplified measures must comply with the following principles:

- it must be preceded by a sufficient and documented risk assessment;
- it must be applied to those business relationships or occasional transactions that present a reduced risk in all respects;
- it must allow adequate knowledge of the customer and the beneficial owner to be maintained;
- it must ensure ongoing monitoring of the business relationship;
- it must be reviewed when the circumstances that justified its application change;
- it must not be applied, or its application must cease immediately, where there are suspicions of money or securities laundering or terrorist financing, where there are

doubts as to the veracity of the information obtained, or where circumstances arise that determine a high-risk scenario.

Notwithstanding the foregoing, the application of simplified due diligence measures does not exempt compliance with ongoing monitoring obligations, which must be appropriately adapted to detect any change in the customer's profile or level of risk that may determine that these measures cease to apply.

In any event, the adoption of simplified due diligence measures does not derive from a closed catalogue of actions, but rather from the application of an approach based on the analysed, updated and documented risk, so that it does not merely involve the application of predetermined criteria.

3. Simplified measures that may be applied

Once it has been determined and documented that the business relationship or occasional transaction presents a reduced risk, obliged entities may adapt the due diligence measures to this level of risk. In accordance with Article 9 of the Implementing Regulation of Law 14/2017, published by Decree 76/2022, of 2 March, and without constituting an exhaustive catalogue or requiring all the measures to be applied jointly, this adaptation may consist, inter alia, of:

- adjusting the amount of information obtained for identification, verification of identity or monitoring, including the possibility, where appropriate, of relying on information from a single document or a single source that is reliable and independent;

- reducing the information required on the purpose and intended nature of the business relationship where these can reasonably be determined from the product, service or transactions contracted, and this measure is consistent with the identified reduced risk;

- adjusting the frequency with which the documentation and information obtained in application of due diligence measures are updated, as well as the frequency of review of the business relationship, provided that this adjustment does not entail a de facto exemption from the obligation to keep the information up to date;

- reducing the frequency or intensity of the monitoring and scrutiny of transactions, including the possibility of establishing reasonable thresholds according to the customer's risk profile and expected transactions, provided that adequate mechanisms are maintained to detect related transactions which, considered jointly, exceed those thresholds, as well as any unusual or suspicious transaction.

The measures adopted must at all times enable the reporting entity to sufficiently understand the nature of the business relationship and maintain the effective capacity to detect changes in circumstances or deviations from the expected transactions.

Reporting entities may combine these measures or apply others that are appropriate and proportionate to the identified reduced risk, provided that they are compatible with Law 14/2017 and its Implementing Regulation, and that the justification for their application is duly documented.

This Technical Communiqué shall enter into force on the day following its publication.

Carles FIÑANA PIFARRÉ
Head of the UIFAND