CATALOGUE OF **RISK**

2026

Financing of the Proliferation of Weapons of Mass Destruction.

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INTRODUCTION

This document sets out a list of risk indicators relating to the financing of the proliferation of weapons of mass destruction (hereinafter 'PF of WMD). The purpose of this document is to assist regulated entities in complying with Law 10/2010 of 28 April on the prevention of money laundering and the financing of terrorism (hereinafter 'Law 10/2010 of 28 April').

This is particularly relevant in light of the amendment made to Article 42 of Law 10/2010. On the one hand, this is due to the introduction of the requirement to implement, without delay, the United Nations Security Council Resolutions concerning the prevention, suppression and disruption of the proliferation of weapons of mass destruction and their financing, which establish financial sanctions consisting of the freezing or blocking of funds or other assets, as well as the prohibition on making funds and other assets, economic resources or financial services available. On the other hand, it also clarifies the need for regulated entities to implement appropriate policies and procedures, including the assessment of risks of circumvention and non-compliance with obligations relating to financial sanctions, in order to mitigate them proportionately. In any event, these policies and procedures must be proportionate to the nature of the regulated entity's activity and its size, whilst also taking into account its risks and complexity.

Knowledge and use of these indicators can help to improve the systems put in place by obliged entities to prevent and detect transactions aimed at financing the proliferation of weapons of mass destruction. The presence in specific transactions of the indicators shown in this list does not necessarily imply the existence of financing of proliferation.

Furthermore, the list of indicators set out below, duly adapted to the nature of the regulated entity's activities, may assist the entity in drawing up its own catalogue of transactions that may be linked to proliferation financing.

According to the definition provided by the **Financial Action Task Force** (hereinafter, FATF), proliferation financing can be defined as "the collection, transfer or making available of funds, assets or other economic resources, or the financing, in whole or in part, of persons or entities for the purposes of the proliferation of weapons of mass destruction, including the proliferation of their delivery systems and related materials (including both dual-use technologies and dual-use goods intended for illicit purposes)".[1]

The growing importance of this sector as a pillar for strengthening financial systems is reflected in the fact that the FATF itself has stepped up its efforts to prevent such activities. In this regard, we can highlight, on the one hand, the inclusion of proliferation financing as one of the organisation's three pillars (alongside the fight against money laundering and terrorist financing), as well as the amendment of both its Recommendations (for example, in Recommendations 1, 2 and 7) and its Immediate Outcome 11, to broaden and strengthen the necessary measures to prevent and combat this phenomenon.

At this point, it is important to note that, with regard to targeted financial sanctions, the FATF has adopted a 'country-based approach'. It has focused on two specific jurisdictions: the Democratic People's Republic of Korea (hereinafter the DPRK) through the necessary implementation of United Nations Security Council Resolution 1718 (2006) and its successor resolutions, and Iran. The application of the *'snapback'* mechanism for sanctions imposed on Iran through

[1] Own translation based on the definition given in the document 'FATF Report highlights major gaps in global response to Proliferation Financing and Sanctions Evasion'

UN Security Council Resolutions 1696, 1737, 1747, 1803, 1835 and 1929 have once again brought this country into the spotlight.

Furthermore, we have seen how, in recent years, the FATF has also published several reports and guidelines on this subject. In the most recent of these, published in June 2025, which analyses complex schemes for the financing of proliferation and the evasion of sanctions, the FATF highlights the fact that the potentially catastrophic impact of Weapons of Mass Destruction makes it essential to prevent and combat the financing of this illicit activity.[2]

Following in this vein, **the European Union** has also turned its attention to this practice. As early as 2003, the European Union Strategy against the Proliferation of Weapons of Mass Destruction[3] was adopted. Since then, efforts have focused on a series of (CFSP) decisions aimed at updating and monitoring the strategy, the most recent of which include Council Decision (CFSP) 2025/2598 of 15 December 2025, in support of the Hague Code of Conduct and the non-proliferation of ballistic missiles in the context of the implementation of the EU Strategy against the Proliferation of Weapons of Mass Destruction[4].

Furthermore, the UNSC Resolutions imposing targeted financial sanctions against the DPRK and Iran have been transposed into European law through various regulations, which not only incorporate the provisions of the Security Council but, in some cases, extend those restrictions. This is the case with Council Regulation (EU) 2017/1509 of 30 August 2017[5] on restrictive measures against the Democratic People's Republic of Korea and Council Regulation (EU) No 267/2012 of 23 March 2012 on restrictive measures against Iran, recently amended[6], amongst others, by Council Regulation (EU) 2025/1975 of 29 September 2025, as a result of the

[2] FATF Report highlights major gaps in the global response to proliferation financing and sanctions evasion

[3] EU Strategy against the Proliferation of Weapons of Mass Destruction, 10 December 2003.

[4] Decision - EU - 2025/2598 - EN - EUR-Lex

[5] EUR-Lex - 02017R1509-20251217 - EN - EUR-Lex

snapback.

In **Spain**, the growing importance of this preventive practice is reflected in the numerous strategic documents published in recent years. In this regard, we highlight the adoption of the National Strategy against the Proliferation of Weapons of Mass Destruction, approved by a Resolution of the Council of Ministers on 16 December 2025[7]. More specifically in the field of financing, the adoption of the National Plan against the Financing of the Proliferation of Weapons of Mass Destruction, approved by a Resolution of the Council of Ministers on 26 August 2025, is also noteworthy. [8]

Finally, with regard to the risk of proliferation financing and the relevant mitigating measures, this has been addressed both in Addendum 2024[9] to the National Risk Analysis, approved by the Money Laundering Prevention Commission in 2020, and in the Sectoral Analysis of Proliferation Financing Risks, approved by the Financial Intelligence Committee in December 2025.

As set out in the latter document, the inherent risk of proliferation financing was assessed as medium-low according to the Sectoral Risk Analysis on Proliferation Financing. Notwithstanding the above, through the mitigating measures currently in place, the residual risk is assessed as low, according to the aforementioned Analysis.

In this regard, it is important to highlight the threat posed in this sector by the use of intermediary jurisdictions, which hinder the detection and proper management of proliferation financing risk, as well as the introduction of digital innovation in the financial sector and the diversification of products.

The residual risk associated with the activities carried out is determined by the combination of risk mitigation measures in place. These are implemented, from an

[6] EUR-Lex - 02012R0267-20250930 - EN - EUR-Lex

[7] National Strategy against the Proliferation of Weapons of Mass Destruction, December 2025.

[8] National Plan against the Financing of the Proliferation of Weapons of Mass Destruction, August 2025.

[9] Public summary of the 2024 Addendum to the 2020 National Risk Analysis.

institutional perspective, through the strengthening of the regulatory and organisational framework governing proliferation financing. It is also worth highlighting the importance of increased scrutiny of beneficial ownership, which, together with other factors, has led to the residual risk of proliferation financing in Spain currently being considered low.

It is also important to note that international trade in defence and dual-use materials is itself subject to controls, with the aim of combating proliferation. Depending on the case, exports of these materials require the relevant licence, which is granted by the State Secretariat for Trade, following the mandatory and binding report from the Interministerial Regulatory Board for Foreign Trade in Defence and Dual-Use Materials, Junta Interministerial Reguladora del Comercio Exterior de Material de Defensa y de Doble Uso (hereinafter, JIMDDU).

This catalogue has been drawn up by the Commission for the Prevention of Money Laundering and Monetary Offences, in the course of its duties, in collaboration with the Financial Intelligence Task Force, with the aim of assisting regulated entities in complying with their preventive obligations.

This catalogue is divided into two sections. The first section, *'general* indicators', includes indicators which, in principle, can be detected by any type of regulated entity. The second section, entitled *'specific* indicators', sets out other indicators relating to specific activities carried out only by one or more types of regulated entity.

The indicators shown in the list are merely a selection of the many indicators that can be found in relation to the PF of WMD. An effort has been made to select those that are most obvious and general in nature. For indicators relating to more specific typologies, the obliged entity may refer to various publications by organisations and institutions that carry out studies on specific typologies, highlighting the most common indicators. It is also advisable for the obliged entity to add to the suggested list other indicators drawn from cases it analyses itself and assesses as being linked to the

financing of proliferation. Finally, in the case of transactions relating to trade in defence and dual-use goods, it is advisable to review existing legislation and publications issued by the supervisory body.

GENERAL RISK INDICATORS

In the process of carrying out due diligence.

In the interaction between the obliged entity and its customer in relation to customer due diligence, certain factors may arise which, whilst not preventing the due diligence from being carried out, are relevant in the context of detecting proliferation financing.

In this case, we distinguish between two aspects: on the one hand, the commercial transaction (and particularly its logistical aspects) and, on the other hand, the underlying financial transaction:

With regard to the commercial transaction:

- The execution of commercial transactions involving **goods subject to restrictions or authorisation** (items listed as dual-use under specific regulations) where the necessary documentation, including the relevant licence, is not available, or where information such as the cargo or transit points is deliberately concealed.

- **Inconsistencies or the omission of identification codes** in transactions involving the sale of dual-use goods, electronic products or other items subject to restrictions.
- Frequent use of **transit countries** that have no logical commercial link with the declared origin or destination of the goods (for example, cases where the importing company is based in one country and the goods are delivered to a port geographically distant from it and linked to countries posing a high proliferation risk).
- **Over-invoicing and under-invoicing** of the prices of certain goods, or transactions in which the value of the goods is disproportionate to the associated logistical and financial costs.
- **Artificial fragmentation of the supply chain** (multiple intermediaries adding no value).
- Transactions where **no transport of the goods is requested** in the case of particularly heavy goods (the option of collection from the factory may raise suspicion if the machinery is particularly large or heavy).
- Overseas shipments of goods related to security and defence or of dual-use goods, where **the final destination differs from the one for which payment is received.**
- Overseas shipments of goods related to security and defence or of dual-use **nature, which make stopovers or transit through territories outside the logical**, traditional or most economical **trade route**.

- Coordination of operations through intermediaries such as **trade facilitators**, representatives with no apparent training, or individuals who, on the face of it, are not linked to sanctioned jurisdictions but are close to or associated with them.

- Commercial or transport documentation containing **vague, generic or manifestly insufficient descriptions**, given the characteristics of the goods being traded.

In relation to the financial transaction:

- The customer's refusal to **provide information** to the obliged entity during the due diligence process, or the withdrawal of the transaction following a request for further information.
- The client's demand for unusually high levels of **confidentiality or discretion**, or their reluctance to explain the economic rationale behind margins, payment terms, discounts, penalties or guarantees in international contracts.
- Making **structured payments** to circumvent regulatory thresholds.
- The maintenance of bank accounts at **multiple financial institutions** located in jurisdictions very close to, or linked to, high-risk countries (for example, through commercial agreements or shared political views).
- The use of **personal accounts** to carry out complex commercial transactions (for example: the purchase and sale of heavy equipment or machinery

in the name of a client who has declared that they carry out apparently unrelated work as an employee).

- Reactivating **old or dormant accounts** to channel high-value and/or cross-border transactions.
- The submission of **financial documentation that is inaccurate** or does not correspond to the declared commercial activity. For example: discrepancies between the invoice, the *packing list*, the bill of lading, the certificate of origin, the customs declaration and the financial flow.
- **Sudden or unjustified changes** in the customer's usual pattern of transactions, particularly when they first engage in international transactions, make payments to third parties or make intensive use of payment methods they had not previously used.
- Individual customers who, without having the corresponding financial capacity, are listed as **account holders of accounts actually used by third parties**, act as sole directors of companies with significant operations, or receive funds which they immediately transfer to other individuals or entities.
- **Unusual activity occurring close to the date on which international financial sanctions are imposed or lifted**; for example, the transfer of financial transactions previously carried out with a person or company that has subsequently been sanctioned to another person or entity not subject to sanctions, or the creation of new companies on the dates sanctions are imposed or conflicts erupt.
- Transactions in which payment is made by a **third-party company**, which is neither the seller nor the buyer, and which is also located in areas very close to high-risk jurisdictions.

- Recurring invoicing for **generic professional services** in international trade transactions (e.g. 'consultancy', 'report preparation', etc.)
- **A combination of cash payments, transfers to third parties** and international shipments of high-value goods with incomplete documentation.

With regard to the characteristics of natural persons and legal entities or structures.

According to the latest published international reports, it is common for individuals or companies facilitating proliferation financing to use opaque legal structures in order to conceal the true beneficial owner of the transactions. Some indicators relating to these practices are set out below:

- The **company's corporate purpose is particularly broad or vague**, such as the import or export of goods, project design consultancy, international trade or general services, without any verifiable operational details.
- The company's stated business purpose **does not correspond to the transaction carried out** (for example: where the company's stated business purpose is project design consultancy and the intended transaction is the sale and purchase of large quantities of hydrocarbons).

- Natural or legal persons who state that they trade in **a wide variety of products that are very different from one another** (for example, the sale of dairy products and heavy machinery).
- Legal entities with **little or no online presence**.
- Recently incorporated legal entities, with no operational history or limited economic activity, which are involved in complex international commercial transactions.
- Providing, as a company's **registered office or registered address**, a **free zone** situated in **jurisdictions very close** to countries posing a proliferation risk or to economic and/or trading partners, in areas subject to limited customs supervision or where repackaging, relabelling or changes to documentation are possible.
- Providing addresses as **the usual place of business** that do not correspond to residential properties or premises for exclusive use, or where there are no employees at the location declared by the company. Likewise, cases where there is an inconsistency between the supplier's address, the delivery address and the billing address.
- Legal entities operating in **sensitive sectors** (advanced electronics, chemicals, industrial machinery, precision equipment or dual-use goods subject to export controls), as well as defence-related material, and for which they do not appear to possess sufficient qualifications.
- Legal entities or unincorporated structures that experience **frequent changes in the identification of their beneficial owner** or whose beneficial ownership declaration is inconsistent with the information and documentation collected by the obliged entity.

- **Frequent changes of legal representatives** in an attempt to conceal the true identity of the beneficial owner, as well as of shareholders or directors.
- **Repeated use** of the same office, corporate service provider, address, telephone number, email address or document management system by multiple apparently independent companies (company hotels, consultancy firms specialising in pre-incorporation or rapid company formation).
- The use of multiple companies with **very similar names** (*pattern naming*) and cross-appointed directors, operating as a network.
- Involvement in the operation of entities that are apparently independent but **share common ownership or management structures**.
- Individuals linked to jurisdictions subject to sanctions under proliferation regimes, who are limited solely to carrying out **high-value transactions** with companies trading in products.
- Individuals, who may have been victims of **identity theft**, registered within a formal financial system in countries bordering those that have been sanctioned.

RISK INDICATORS IN SPECIFIC ACTIVITIES

This section presents a selection of risk indicators for specific activities that have been identified both in international reports on the subject and through operational experience gained by both public and private sector operators.

Credit or debit card transactions.

- **Intensive use of cards issued in the name of third parties** (for example, foreign nationals residing in jurisdictions close to those sanctioned for WMD proliferation issues).
- **Spending patterns inconsistent** with the apparent cardholder's profile.
- Cards linked to **frequent conversion of virtual assets** or systematic **cash** withdrawals**.**
- **Centralised management of multiple cards** by intermediaries linked to jurisdictions subject to financial sanctions due to WMD proliferation regimes. These have been detected particularly in the case of the DPRK.

- Frequent use of cards in countries or at merchants that **do not** fit the **customer's usual profile**, even for small amounts.

Private banking transactions[10].

- High-net-worth clients who prioritise **transactional activity** over wealth preservation or investment and show little interest in returns or tax matters.
- **Deliberate segmentation of information** by sending different information at different stages of the operational analysis (for example, between the external manager and the compliance department).
- Use of corporate service providers domiciled in ***offshore* or *mid-shore* jurisdictions,** or which manage a large number of similar structures.
- A corporate client formally defined as an asset holding company, *investment company* or *family office*, but which nevertheless makes **recurring operational payments.**
- A corporate client used exclusively as **a conduit for funds**, without any accumulation of assets.
- **Recurring partial matches during screening** (similar names, aliases, transliterations), particularly with technical counterparties.
- **Unusual cash transactions** in international trade.

[10] This section refers primarily to operations relating to the provision of services to high-net-worth individuals or particularly complex operations, regardless of the entity carrying them out.

- **Unjustified triangular arrangements**, which entail higher costs and lack economic rationale.
- **Manipulation of documentation** (for example, the use of false end-user certificates).
- **Frequent changes to dispatch or destination details** in cases of similar transactions.

Transactions involving currency exchange, remittances, MVTS (Money or Value Transfer Services), MSBs (Money Services Businesses) and alternative channels:

- Use of **currency exchange structures** where the financial flow does not correspond to the commercial flow.
- Making **international payments in instalments** or in series to multiple beneficiaries in transit jurisdictions for these goods or in high-risk jurisdictions.
- **Recurring remittances of small amounts** to high-risk jurisdictions, which have a temporal and/or material link to trade in dual-use goods.
- Use of **undeclared intermediaries**, local agents or non-transparent correspondents.
- Evidence of **informal settlement** via alternative mechanisms (such as *hawala*) to circumvent controls that would allow full traceability between the senders and final recipients of the goods.

Transactions involving virtual assets:

- Use of Virtual Asset Service Providers located in **jurisdictions with weak or non-existent regulatory frameworks** or with limited oversight.

- **Lack of information** regarding compliance with the so-called *'travel* rule', that is the sharing of information on senders and recipients in transfers.

- Recurring conversion of virtual assets into fiat currency via **Over-the-Counter (OTC)** brokers in high-risk jurisdictions.

- Declaration of profits from investments in crypto-assets in cases where the information and documentation provided do not allow for the **traceability of the transactions** through which the investment was made to be identified, nor for the profits obtained to be substantiated.

- **Immediate cross-border** transactions with no commercial basis.

- **Payments to highly qualified IT workers**, linked to high-risk jurisdictions, channelled through front companies or virtual assets.

- Use of services or tools designed to **enhance anonymity** or conceal the trail of transactions, such as mixers or equivalent techniques.

- Receipt or transfer of funds to or from **addresses linked, directly or indirectly, to illicit markets**, *ransomware*, fraud, *the darknet,* sanctioned entities or patterns previously identified by reliable sources.

- **Successive and rapid transfers** between different crypto-assets, networks or *cross*-chain bridges, with no apparent economic justification.

Transactions relating to the insurance sector.

- Frequent claims relating to **maritime or industrial accidents** with scant technical documentation and involving little-known companies.
- **Reinsurance contracts** signed by companies with no track record or using borrowed accounts.
- **Unclear** beneficiaries of compensation or those located in high-risk jurisdictions.

Transactions involving advisory firms, corporate service providers and other professionals.

- The **incorporation or acquisition of pre-incorporated companies** with a banking or credit history inconsistent with their subsequent actual activity.
- The use of nominal directors or shareholders **with no** apparent **financial or technical capacity**.
- **Frequent changes to directors**, authorised representatives, shareholders or the registered office shortly before or after significant international transactions.
- The presence of **cascading legal structures and special-purpose vehicles** without a clear economic rationale.
- The involvement of corporate professionals or service providers linked to **opaque jurisdictions, financial hubs, free zones** or territories adjacent to sanctioned jurisdictions.

Transactions relating to the real-estate sector.

Transactions aimed at acquiring real estate assets that are unrelated to the buyer's declared business activity. For example, the use of commercial companies with a corporate purpose of industrial activities or international trade, which acquire detached houses.

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