

AML Basics for the Art Market

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The due diligence network for the art market.

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Got questions? We are here to help.

This document is designed to cover the basics and bring you up to speed on the core principles of good AML compliance. There are many regional edge cases and other areas that were not covered in detail in this guide.

If you are unsure about anything, please always ask for help before working off an assumption - we are happy to answer any questions you might have.



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Arcarta is the due diligence network that keeps over 400 global art businesses compliant. We help you get set up with essential documents, training and the most comprehensive, intelligent reporting built for the art market.

Does AML regulation affect you?



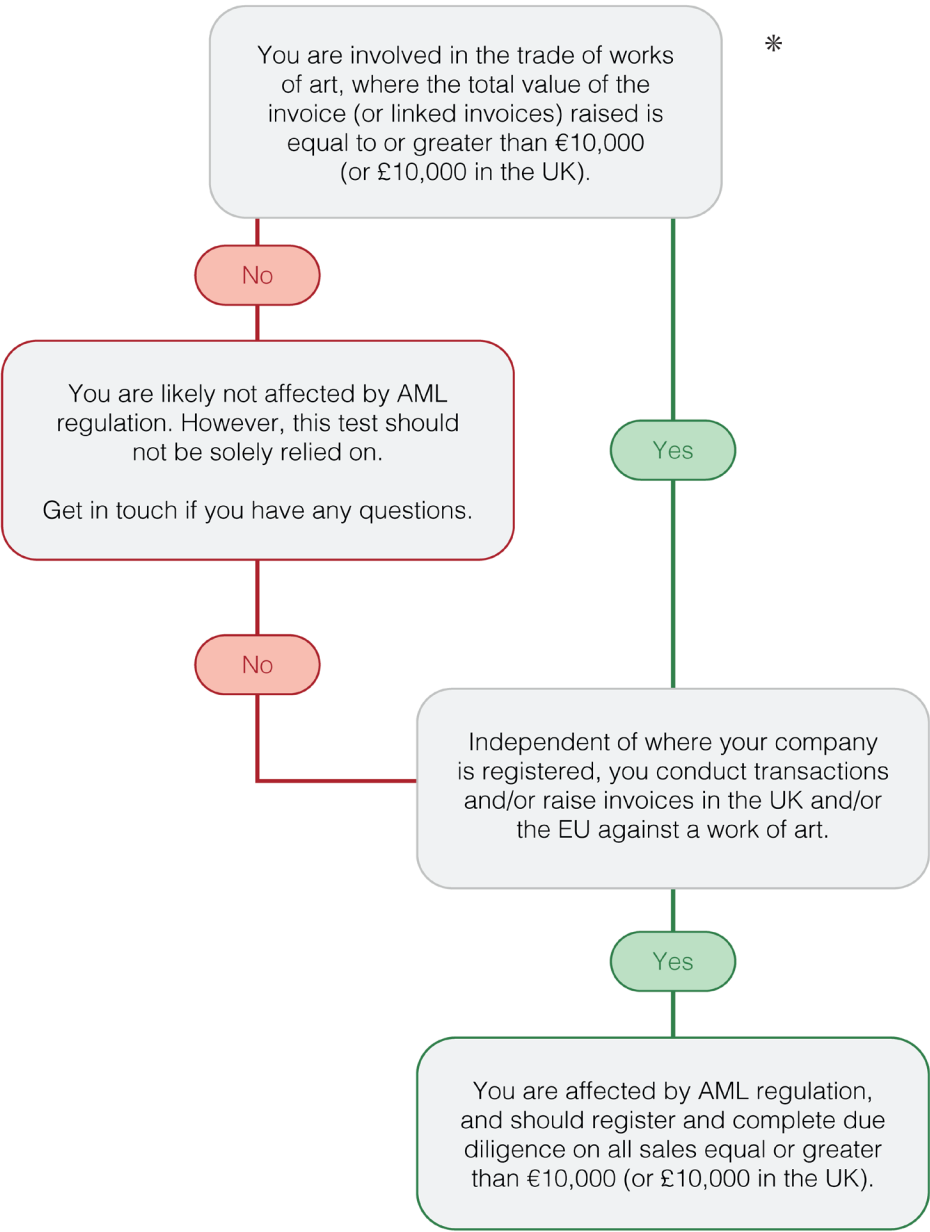
The UK and EU art market was brought into the regulated sector, with the UK first to implement these regulations in 2020, while a phased introduction occurred throughout the EU member states.

At present, the US art market remains unregulated. However, for US-based businesses that participate in art transactions within the UK or EU, such transactions will fall into the scope of regulation and will require corresponding evidence of due diligence.

* The test opposite should not be solely relied upon.

While this covers most situations, there are additional areas (including freeports) where you may also be in scope.

*



A few things need to be in place before starting due diligence.

Step 1: Register with your local regulator.

The first step in being a regulated business is registering with your local regulator.

You must be a registered business if you operate in the art market and sell work valued above the €10,000 (£10,000 in the UK) threshold. You may also be required to register if you crossed the threshold with several smaller pieces in a linked transaction (see more on page 5).

Completing due diligence without registering is not an option. Late registration is still the most common AML-related fine.

Step 2: Complete AML training.

Formal AML training isn't optional, so you'll need to keep named and dated evidence that your team has passed training and understands their obligations.

Training is something you can do through Arcarta, and once you are qualified, you will need to do a short refresher every 12 months.

Here are the four steps to do before you start selling:

Step 3: Create a risk assessment and AML policy.

A risk assessment is a document that looks at your business through the lens of regulation, its possible vulnerabilities and what you are doing to mitigate them. This could include an understanding of location and size of your transactions, whether you sell directly to clients or through a third party, and the type of clients you usually work with.

An AML policy lays out what you are doing to help prevent money laundering within your business. The AML policy will become the backbone for your due diligence process, which we will get into soon.

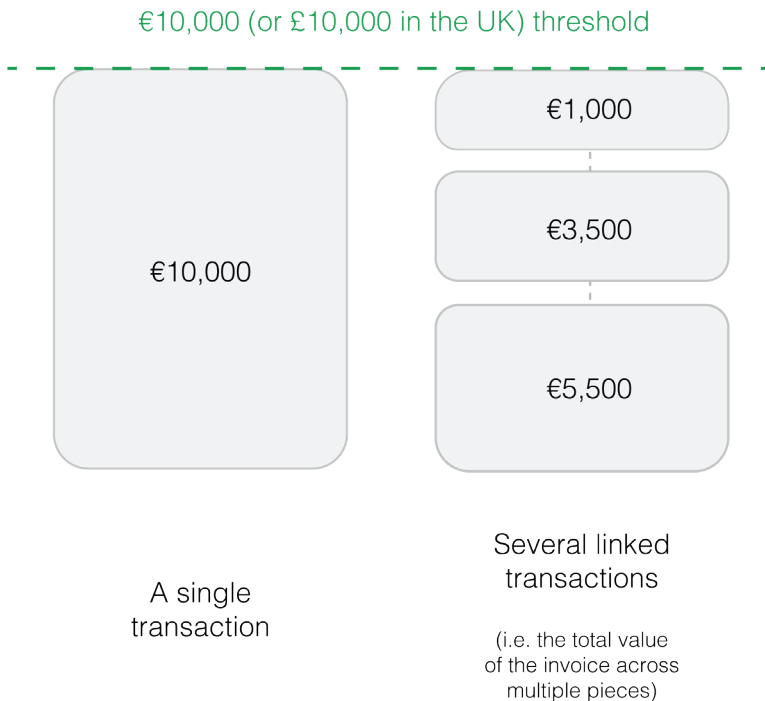
If you need assistance in creating these documents, please do get in touch and we can help you get up to speed smoothly.

Step 4: Complete due diligence on transactions of €10,000 (£10,000 in the UK) or more.

You are now ready to start selling! We cover proper due diligence in much more detail in coming pages.

When do you need to complete due diligence?

The threshold for transactions covered by AML regulations is €10,000 (or £10,000 in the UK). You must complete due diligence on any buyer of an artwork above that amount.



This is intended to stop “structuring” or breaking large transactions into smaller purchases to pass under the €10,000 (or £10,000 in the UK) threshold.

Understand when your involvement brings you into scope.

This is clear when it's a direct sale, but you might also need to complete due diligence if you are involved in transactions in other ways.

If you act as an intermediary by negotiating the price of the art piece with another art market participant or by acting on behalf of a customer during a sale or purchase then you are also within the scope of the regulations.

In these cases you are required to complete checks on all your customers - that is, anyone who is paying you for the artwork, or for services in relation to the transaction.

We have other resources covering work as an intermediary in much more detail.

If you are unsure whether you are operating as an intermediary get in touch to learn more.

However, you are not required to do AML checks if you are just providing art advice, provenance checks or other non-regulated activities including framing, shipping and art installation.

Proper due diligence is more than an ID and Proof of Address.

You must first collect a valid photo ID (such as a passport) and a recent proof of address (such as a utility bill or bank statement with name and address).

However, collecting this information on its own is not adequate to proceed with the sale. ID verification only ensures that you are working with the correct individual, but does not give you insight into the risks involved with the sale.

You must review a wide range of information about the customer to understand whether or not you can proceed. Arcarta provides you with a comprehensive report which includes:



ID verification and liveness checks



Jurisdictional risk review for multiple addresses



Sanctions checks



Politically exposed persons (PEPs)



Adverse media, reputational and occupational risk



Regulatory enforcement lists

What to review when selling to individuals.

Certain flags, including a politically exposed person or being based in a high-risk jurisdiction may be grounds for enhanced due diligence.

Sanctions compliance is essential. Breaches carry strict criminal liability, regardless of intent.

Once you have a good understanding of the risks associated with the buyer you can choose to approve or deny the sale, giving a reason in either case explaining your decision.

All decisions are made relative to your risk profile (as set out in your risk assessment) and are made on a case by case basis. This means you cannot defer responsibility for your decision onto another party.

Selling to trusts, businesses and other entities.

When selling to an entity you will be required to collect additional information about the ultimate beneficial owners. While this may differ depending on which entity you are selling to, the core principle is that you must be able to understand who you are transacting with, including the ownership and control structure of the entity, the individuals who own 25% or more and those who otherwise control the entity.

To learn more about these more complex sales, get in touch.

Here's what to do if you suspect illegal activity.

If you suspect money laundering, these concerns should be assessed and may require a Suspicious Activity Report (SAR) where there is a genuine suspicion that money laundering may be taking place. Once you file a report, do not disclose it to the buyer or anyone else who could prejudice an investigation. Tipping off is a criminal offence.

This report is made to your local financial intelligence unit and is foundational to how governments fight financial crime.

Examples of Financial Intelligence Units



NCA in the
United Kingdom



TRACFIN in
France

SEPBLAC

SEPBLAC in
Spain

While every sale is important to an art business you should not proceed with sales if you are suspicious that there is illegal activity involved.

Regulators take breaches seriously, and offences such as breaching sanctions could result in major fines or even jail time.

Finally, you must make sure you store and update your reports.

Due diligence is not a one-and-done check at onboarding. The obligation to refresh and monitor every customer remains in place for the duration of the relationship.

Arcarta meets this monitoring obligation automatically, refreshing all reports every 3 - 12 months (depending on your preference) so changes in a customer's circumstances are caught as they happen.

All information produced during due diligence is extremely sensitive, so it's important that it is collected and stored securely.

Email attachments, public cloud folders and other unencrypted storage are insecure and expose you to significant legal and reputational risk.

You must ensure that you store and monitor all due diligence reporting for an appropriate length of time (this varies per jurisdiction: UK and France are five years, but Spain and Italy extend up to ten years).

After this period of time you must delete sensitive data in line with GDPR.

Your AML checklist to cover the basics.

Before you start selling

- ☐ Confirm if you are covered by AML regulations
- ☐ Register with a local regulator
- ☐ Create an AML Policy Document & Risk Assessment
- ☐ Complete official AML training with all relevant staff

During sales

- ☐ Collect a photo ID and Proof of Address from each buyer
- ☐ Complete comprehensive due diligence before receiving any funds
- ☐ More information will be required if an entity is buying
- ☐ If you are suspicious of a buyer, file a SAR

After a sale is complete

- ☐ Securely store and update reports over time & delete sensitive materials once they are out of scope of AML requirements, in line with GDPR.

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PACE

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**GOODMAN
GALLERY**

COLNAGHI

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 **SAATCHI ART**

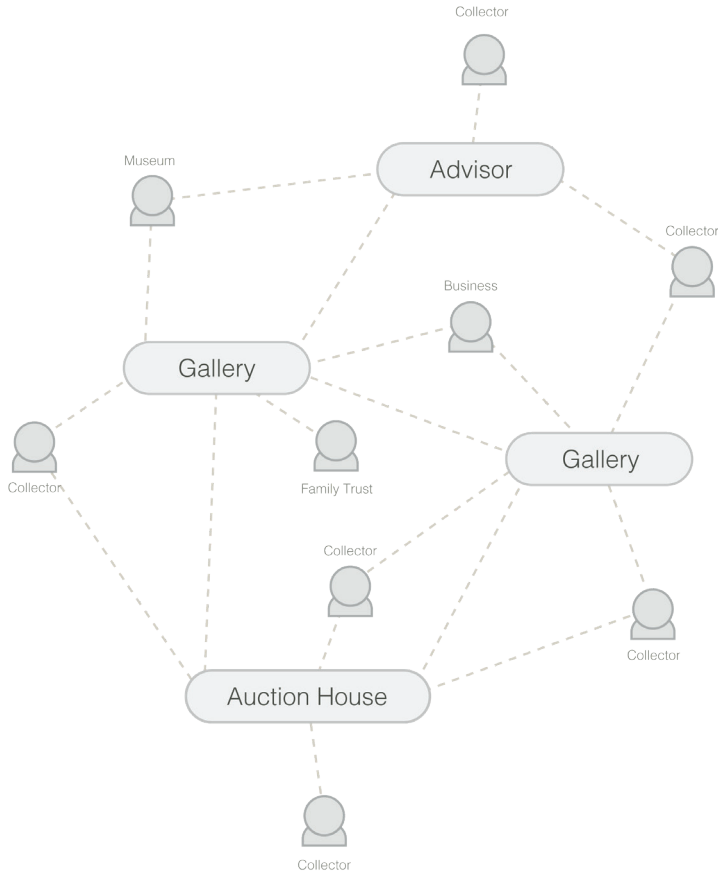
We were founded on a simple premise: that this market deserves infrastructure built for how it actually works, not adapted from somewhere else.

Trust has always been central to how the art market operates. What's changed is that trust now has to be evidenced - documented, auditable, defensible. Most of the tools available to the art market weren't designed with that in mind.

Six years in, Arcarta is used by some of the most significant names in the industry to conduct due diligence, manage client relationships and demonstrate compliance with confidence.

We treat compliance not as an individual obligation, but as shared infrastructure - a market-wide asset that strengthens every participant who contributes to it.

Building an ecosystem of trust.



The Arcarta network allows collectors to easily and securely release previously used documents.

It also allows galleries to verify buyers before a sale using previous network activity, see a timeline of market activity and approval rates, and share reports and message anonymously with other galleries.

Arcarta provides the most comprehensive reports on art buyers.

The market is deeply connected and most AML regulations rest on the same foundations. The result: the same collectors are being put through the same compliance checks, again and again.

62% of sales by value came from returning collectors.

(The Art Basel and UBS Art Market Report 2026)

We allow work being done in a single gallery to benefit all businesses across the market.

The network also gives you visibility of a buyer's previous market activity before you decide to proceed with a sale. This supports our comprehensive reporting giving Arcarta members the full picture on every transaction.

Collectors who have gone through due diligence with Arcarta before can consent to share due diligence information with you in seconds. Sales keep moving and sensitive documents always stay within a secure environment.