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The International Comparative Legal Guide to:

Anti-Money Laundering 2018

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A practical cross-border insight into anti-money laundering law

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1 The Crime of Money Laundering and Criminal Enforcement

1.1 What is the legal authority to prosecute money laundering at national level?

The United Kingdom (UK) money laundering offences are created by Part 7 of the Proceeds of Crime Act 2002 (**POCA**) and include:

- the principal money laundering offences; and
- the reporting offences which, with one exception, only apply to those operating in the "regulated sector".

It is also an offence under POCA to attempt, conspire, incite, aid, abet, counsel or procure the commission of a principal money laundering offence.

Note that there are similar offences relating to terrorist financing contained in the Terrorism Act 2000. The anti-terrorist financing regime in the UK runs parallel to the UK's anti-money laundering regime.

1.2 What must be proven by the government to establish money laundering as a criminal offence? What money laundering predicate offences are included? Is tax evasion a predicate offence for money laundering?

Principal money laundering offences

To establish that a principal money laundering offence has been committed, it is necessary to prove that:

(a) the alleged offender has:

(i) concealed, disguised, converted or transferred criminal property; or removed criminal property from the jurisdiction; or

(ii) entered into or become concerned in an arrangement which he knew or suspected facilitated the acquisition, retention, use or control of criminal property by or on behalf of another person; or

(iii) acquired, used or had possession of criminal property; and

(b) the alleged offender:

(i) failed to make an authorised disclosure and does not have a reasonable excuse for not making such a disclosure; or

(ii) in relation to (a)(iii) above only, acquired, used or had possession of the property for adequate consideration.

For each of the principal money laundering offences, the conduct referred to in (a)(i), (ii) and (iii) above must concern "criminal property" and, as such, it must be established that:

(a) the relevant property constitutes a person's benefit from criminal conduct or represents such a benefit (whether in whole or in part, and whether directly or indirectly); and

(b) the alleged offender knew or suspected that the property represents such a benefit (this is a subjective limb).

The test for "criminal property" has an inbuilt assumption that there has been "criminal conduct" and, accordingly, there must be a predicate offence in order for criminal property to exist. Conduct which constitutes a criminal offence in any part of the UK is capable of forming a predicate offence for the purposes of money laundering.

Tax evasion constitutes a criminal offence under English law and, accordingly, is a predicate offence for money laundering. Further, the Criminal Finances Act 2017 introduced two new corporate failures to prevent the facilitation of tax evasion offences. These being criminal offences, they are also predicate offences for money laundering.

Reporting offences

Reporting offences include the failure to disclose, tipping off and prejudicing a money laundering investigation.

To establish that a failure to disclose offence has been committed, broadly speaking, it is necessary to prove that:

(a) the alleged offender knew, suspected or had reasonable grounds for knowing or suspecting that another person is engaged in money laundering (this is an objective limb);

(b) the information or other matter on which that knowledge or suspicion is based, or which gives reasonable grounds for such knowledge or suspicious, came to him/her in the course of a business in the "regulated sector";

(c) the alleged offender can identify the person referred to in (a) above or the whereabouts of any laundered property, or he/she believes (or it is reasonable to expect him/her to believe) that the information or other matter referred to in (b) above will or may assist in identifying that person or the whereabouts of any laundered property (this is an objective limb); and

(d) the alleged offender failed to make the required disclosure and does not have a reasonable excuse for not making such a disclosure (or any other applicable defence).

To establish that the tipping-off offence has been committed it is necessary to prove that:

(a) the alleged offender has disclosed that:

(i) a disclosure has been made by that person or another person under Part 7 of POCA in relation to information that came to that person in the course of a business in the regulated sector; or

(ii) an investigation into allegations that an offence under Part 7 of POCA has been committed is being contemplated or carried out; and

(b) the disclosure is not a permitted disclosure, it is likely to prejudice an investigation, and the information on which the disclosure is based came to the person in the course of a business in the regulated sector.

To establish the prejudicing of a money laundering investigation offence it is necessary to prove that the alleged offender:

(a) knew or suspected that a person was acting in connection with a money laundering investigation which was being or was about to be conducted; and

(b) either knowingly;

(i) made a disclosure which was likely to prejudice that investigation; or

(ii) falsified, concealed, destroyed or otherwise disposed of, or caused or permitted the falsification, concealment, destruction or disposal of documents which are relevant to the investigation.

1.3 Is there extraterritorial jurisdiction for the crime of money laundering? Is money laundering of the proceeds of foreign crimes punishable?

Yes, both the principal money laundering and the disclosure offences have extraterritorial application.

The definition of "criminal conduct" includes conduct which took place outside of the UK but which, had it occurred in any part of the UK, would constitute an offence under English law. Accordingly, provided that the other elements of the test are met, such conduct is capable of giving rise to "criminal property" for the purposes of the principal money laundering offences under POCA.

Further, the definition of "money laundering" includes an act which would constitute a principal money laundering offence had it been done in the UK. Therefore, provided that the other elements of the relevant offence are met, failure to disclose knowledge or suspicion (or where there were reasonable grounds for knowing or suspecting) that money laundering has taken/is taking place in another jurisdiction could give rise to a disclosure offence under POCA.

However, a person will not commit a principal money laundering offence if:

(a) he/she knew, or believed on reasonable grounds, that the relevant conduct occurred in a country or territory outside the UK; and

(b) the relevant conduct:

(i) was not, at the time it occurred, unlawful under the criminal law then applying in that country or territory; and

(ii) does not constitute an offence punishable with imprisonment for a maximum term in excess of 12 months in any part of the UK if it had occurred there.

There are also similar overseas conduct defences in relation to the disclosure offences.

1.4 Which government authorities are responsible for investigating and prosecuting money laundering criminal offences?

Money laundering offences are usually investigated by the National Crime Agency (**NCA**), the police or Her Majesty's Revenue and Customs (**HMRC**). As a rule, money laundering offences are prosecuted by the Crown Prosecution Service. However, there are exceptions to this, for example, cases involving serious fraud or corruption are likely to be investigated and prosecuted by the Serious Fraud Office and, as the financial services regulator, the Financial Conduct Authority (**FCA**) has the power to investigate and prosecute offences under POCA falling within its remit.

1.5 Is there corporate criminal liability or only liability for natural persons?

There is corporate criminal liability for money laundering. Most of the offences in POCA apply to corporations as well as individuals. The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) also create offences which apply to regulated firms (including banks and financial institutions). A regulated firm commits an offence under the MLR 2017 if it contravenes certain requirements relating to customer due diligence, policies and procedures, controls, and record keeping amongst other things.

1.6 What are the maximum penalties applicable to individuals and legal entities convicted of money laundering?

Different offences under POCA have different maximum penalties. The highest maximum penalty is 14 years' imprisonment (for individuals) and/or an unlimited fine (applicable to both individuals and corporations).

An offence under MLR 2017 is punishable by up to two years' imprisonment (for individuals) and/or an unlimited fine (applicable to both individuals and corporations).

1.7 What is the statute of limitations for money laundering crimes?

There is no time limit in respect of which criminal conduct can give rise to criminal property, and accordingly prosecutions can be brought at any time. However, offences under POCA cannot be committed retrospectively and money laundering offences committed before the commencement of POCA will be prosecuted under the previous legislation.

1.8 Is enforcement only at the national level? Are there parallel state or provincial criminal offences?

Broadly speaking, enforcement is at a national level. Part 7 of POCA (which, as noted above at question 1.1, contains the principal money laundering offences) applies equally throughout the UK, although there are separate (but similar) provisions for confiscation and restraint procedures in Scotland and Northern Ireland.

Note that the NCA's operational powers in Scotland are conditional on authorisation from the Lord Advocate.

1.9 Are there related forfeiture/confiscation authorities? What property is subject to confiscation? Under what circumstances can there be confiscation against funds or property if there has been no criminal conviction, i.e., non-criminal confiscation or civil forfeiture?

The confiscation regime under POCA applies to offences committed after 24 March 2003. A confiscation order deprives an individual – who has been convicted of a money laundering offence in the Crown Court – of the benefits of his proceeds of crime. Such orders may be granted at the request of the prosecution, or where the court deems it appropriate to do so.

Section 6 of POCA provides that the court can make a confiscation order in respect of any property unless it would be disproportionate within the meaning of Article 1 of the European Convention on Human Rights. This is a high threshold, and the court will not generally find that an order would be disproportionate unless it would clearly amount to double-counting. In 2017, the Court of Appeal found that a confiscation order which may result in the need to sell a jointly owned family home was not disproportionate.

1.10 Have banks or other regulated financial institutions or their directors, officers or employees been convicted of money laundering?

We have not identified any cases in which financial institutions or their directors, officers or employees have been convicted of money laundering under POCA, the MLR 2017 or under the predecessor regulations which were in force from 2007 to 2017. All previous cases involve the imposition of civil penalties. However, the FCA had a number of open investigations into money laundering as at the publication of its last annual report. Anti-money laundering (**AML**) is also one of the FCA's key target areas in its current business plan. They describe their current enforcement strategy as "*where firms have poor AML controls, we will use our enforcement powers to impose business restrictions to limit the level of risk, provide deterrence messages to industry, or both. We will generally use our civil powers, but if failings are particularly serious or repeated we may use our criminal power to prosecute firms or individuals*".

1.11 How are criminal actions resolved or settled if not through the judicial process? Are records of the fact and terms of such settlements public?

Criminal actions are resolved through the judicial process. However, the FCA has wide powers to impose civil penalties and disciplinary sanctions on regulated firms for breach of the MLR 2017, and other regulations regarding AML systems and controls. These include unlimited fines, statements of public censure, and suspension and cancellation of regulatory permissions. In such cases, records of the fact and terms of settlements are usually public. Recent notable examples include:

(a) In January 2017, the FCA fined a bank GBP 163 million for failing to maintain an adequate AML framework between 2012 and 2015.

(b) In October 2016, the FCA fined a bank GBP 3.25 million for failing to maintain adequate AML systems and controls between 2010 and 2014, and prohibited the bank from accepting deposits from any new customers for 168 days. The bank's money laundering reporting officer was also fined GBP 17,900 and prohibited from performing compliance oversight functions.

2 Anti-Money Laundering Regulatory/ Administrative Requirements and Enforcement

2.1 What are the legal or administrative authorities for imposing anti-money laundering requirements on financial institutions and other businesses? Please provide the details of such anti-money laundering requirements.

The principal AML requirements are contained in the MLR 2017. The MLR 2017 require relevant persons to, among other things, carry out appropriate levels of risk assessment, implement adequate policies, controls and procedures, and carry out appropriate levels of customer due diligence (**CDD**).

The FCA Handbook also requires firms to establish and maintain effective systems and controls for countering financial crime risk. Firms also need to consider guidance published by the Joint Money Laundering Steering Group (**JMLSG**), which the FCA takes into account when deciding whether to take enforcement action against a firm.

2.2 Are there any anti-money laundering requirements imposed by self-regulatory organisations or professional associations?

Regulation 46(1) MLR 2017 requires supervisory bodies to effectively monitor their sectors and take necessary measures to ensure that their members comply with the MLR 2017. Such bodies typically secure compliance through their codes of conduct. Prominent examples include the Solicitors Regulation Authority (**SRA**), which requires law firms to comply with applicable AML legislation in Outcome 7.5 of the SRA Handbook, and the Institute of Chartered Accountants in England and Wales (**ICAEW**) which requires accounting firms to accept client relationships in compliance with AML requirements under paragraphs 210.2 and 210.13 of its code of ethics.

2.3 Are self-regulatory organisations or professional associations responsible for anti-money laundering compliance and enforcement against their members?

Regulation 49(1)(d) MLR 2017 requires supervisory bodies to ensure that any contravention of the MLR 2017 is met with effective, proportionate and dissuasive disciplinary measures. The Office for Professional Body Anti-Money Laundering Supervision has published guidance which sets out examples of punitive action including public censure, financial penalties and withdrawal of membership. Typically, professional bodies will take steps against members who breach AML requirements. For example, in October 2017, the Solicitors Disciplinary Tribunal struck off a solicitor and ordered payment of GBP3,337 in costs for laundering of around GBP100,000 in proceeds from a wine investment scam.

2.4 Are there requirements only at the national level?

The MLR 2017 operates at the national level. Equally, the FCA is the regulator for the financial sector across the UK. However, for the legal and accounting professions, Scotland and Northern Ireland have different supervisory bodies that each have their own code of conduct. It is worth bearing in mind that such codes seek to bring members in compliance with the MLR 2017 and as a result are quite similar. For example, the Institutes of Chartered Accountants of Scotland and Ireland have similar AML provisions in their code of ethics to that of the ICAEW (as described at question 2.2 above).

2.5 Which government agencies/competent authorities are responsible for examination for compliance and enforcement of anti-money laundering requirements? Are the criteria for examination publicly available?

A number of supervisory authorities operating in the UK are required to ensure compliance with and enforcement of anti-money laundering requirements for organisations that fall within the scope of the MLR 2017 (see question 3.1 below).

2.6 Is there a government Financial Intelligence Unit ("FIU") responsible for analysing information reported by financial institutions and businesses subject to anti-money laundering requirements?

The NCA is the UK's designated FIU.

2.7 What is the applicable statute of limitations for competent authorities to bring enforcement actions?

No statute of limitations applies for criminal offences relating to money laundering (either under POCA or the MLR 2017).

2.8 What are the maximum penalties for failure to comply with the regulatory/administrative anti-money laundering requirements and what failures are subject to the penalty provisions?

The maximum penalty for a failure to comply with regulatory/administrative AML requirements is an unlimited fine. Any such fine will be calculated in accordance with the relevant supervisory authority's penalties and enforcement guidance (for example, the FCA's Decision Procedures and Penalties Manual). A significant number of failures to comply with relevant requirements under the MLR 2017 are subject to penalty provisions. These are set out at Schedule 6 to MLR 2017 and include failure to:

(i) carry out risk assessments;

(ii) apply policies and procedures;

(iii) appoint a nominated officer;

(iv) keep required records;

(v) apply customer due diligence measures when required;

(vi) conduct ongoing monitoring of a business relationship; and

(vii) take additional measures in relation to a Politically Exposed Person (**PEP**).

2.9 What other types of sanction can be imposed on individuals and legal entities besides monetary fines and penalties?

In minor cases of non-compliance, a supervisory authority may issue a warning letter to the individual or legal entity.

A company director convicted of a money laundering offence may be disqualified from holding company directorships.

A legal entity may be barred (for a period of time) from tendering for public contracts with EU public bodies if convicted of a money laundering offence.

Self-regulatory organisations also impose sanctions on their professional members (e.g. striking off or withdrawing a licence) for breaches of the MLR 2017. Similarly, by virtue of a breach of the MLR 2017, the FCA or HMRC may find that an individual or entity is no longer a 'fit and proper' person and on that basis withhold or withdraw permission or authorisation to carry on certain types of regulated business.

2.10 Are the penalties only administrative/civil? Are violations of anti-money laundering obligations also subject to criminal sanctions?

As indicated in question 2.7 above, in addition to the criminal offences under POCA, the MLR 2017 contain three specific criminal offences relating to violations of AML obligations.

Specifically, Regulation 86 provides that it is a criminal offence to contravene a relevant requirement under the MLR 2017 (set out at Schedule 6 of the MLR 2017 and includes carrying out risk assessments, training and CDD).

Regulation 87 makes it a criminal offence to prejudice a money laundering investigation, either by disclosing that such an investigation is taking place or by falsifying, concealing or destroying any documents relevant to the investigation.

Finally, Regulation 88 makes it a criminal offence to: (a) knowingly or recklessly provide false or misleading information in purported compliance with the MLR 2017; or (b) disclose information in contravention of the MLR 2017.

In each case, the maximum penalty is an unlimited fine or two years' imprisonment.

2.11 What is the process for assessment and collection of sanctions and appeal of administrative decisions? a) Are all resolutions of penalty actions by competent authorities public? b) Have financial institutions challenged penalty assessments in judicial or administrative proceedings?

The specific process for assessment and collection of sanctions and appeal of administrative decisions is dependent on the supervisory authority responsible. In general terms, the imposition by a supervisory authority of a sanction for breaches of the MLR 2017 will be in accordance with their professional disciplinary and conduct rules and published enforcement guidance (for example, the FCA's Decision Procedures and Penalties Manual).

In all cases, there is a right of appeal against a decision imposed by a supervisory authority, for example, to the Administrative Court (for decisions of the Solicitors' Disciplinary Tribunal) or to the Upper Tribunal (for decisions of the FCA).

Absent a compelling reason otherwise (for example, a publication could prejudice an ongoing investigation or cause serious unfairness), hearings relating to and resolutions of penalty actions by supervisory authorities will be public.

3 Anti-Money Laundering Requirements for Financial Institutions and Other Designated Businesses

3.1 What financial institutions and other businesses are subject to anti-money laundering requirements? Describe which professional activities are subject to such requirements and the obligations of the financial institutions and other businesses.

The MLR 2017 apply, with a few limited exceptions, to the following entities acting in the course of business in the UK:

- credit institutions *(as defined in Article 4.1(1) of the EU Capital Requirements Regulation (Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms))*;
- financial institutions *(an undertaking, including a money service business, that carries out certain activities (listed in points 2 to 12, 14 and 15 of Annex 1 of the EU Capital Requirements Directive))* including insurance undertakings, investment service providers, bidders in auctions allowed under the emission allowance directive, collective investment undertakings, insurance intermediaries and the National Savings Bank;
- branches of the above;

- auditors, insolvency practitioners, external accountants, tax advisers;
- independent legal professionals;
- trust or company service providers;
- estate agents;
- high value dealers;
- casinos; and
- auction platforms (only some of the MLR 2017 apply).

The MLR 2017 impose requirements concerning risk assessments, ownership and control, AML policies and procedures, internal controls, training, record keeping, ongoing monitoring of business relationships, CDD, information on payer and payees (for payment service providers) and ceasing transactions in certain circumstances. Businesses are also compelled to provide information and/or documents to supervising authorities on request.

Additional obligations for financial institutions are contained in the FCA Senior Management Arrangements, Systems and Controls Sourcebook (**SYSC**) which requires regulated financial services firms to have AML systems and controls in place covering additional matters such as governance, documenting risk management policies and considering AML policies when developing new products, taking on new customers and changing business profile. In considering whether a firm has complied with its obligations under the MLR 2017 and SYSC, the FCA will consider whether guidance issued by the JMLSG has been followed – this guidance has been ratified by the UK Treasury.

The UK Criminal Finances Act 2017 imposes further disclosure requirements on financial institutions concerning suspicious transactions and in connection with Unexplained Wealth Orders.

3.2 Are certain financial institutions or designated businesses required to maintain compliance programmes? What are the required elements of the programmes?

Yes – the MLR 2017 (and, for financial institutions, the SYSC) impose requirements on the businesses listed at question 3.1 above to, where appropriate to the size and nature of its business, have effective AML systems and internal controls in place, including to assess compliance. Required elements include senior responsibility, employee screening, an independent internal audit function to monitor compliance and make recommendations, appointment of a nominated officer responsible for AML compliance, and timely internal reporting.

3.3 What are the requirements for recordkeeping or reporting large currency transactions? When must reports be filed and at what thresholds?

There are no specific requirements for recordkeeping or reporting large currency transactions. The general requirements regarding recordkeeping (set out in the MLR 2017 and SYSC as described above) and reporting (set out in POCA and the Terrorism Act 2000 as described above) would, however, apply to such transactions.

3.4 Are there any requirements to report routine transactions other than large cash transactions? If so, please describe the types of transactions, where reports should be filed and at what thresholds, and any exceptions.

No. There are no specific AML requirements for financial institutions or other designated businesses in relation to routinely reporting large non-cash transactions.

3.5 Are there cross-border transaction reporting requirements? Who is subject to the requirements and what must be reported under what circumstances?

No. There are no specific AML requirements for financial institutions or other designated businesses in relation to cross-border transactions reporting.

3.6 Describe the customer identification and due diligence requirements for financial institutions and other businesses subject to the anti-money laundering requirements. Are there any special or enhanced due diligence requirements for certain types of customers?

Financial institutions in the UK are required to undertake customer identification and due diligence work prior to establishing a business relationship with a customer. When entering a new business relationship with a customer, a financial institution must obtain information on:

- the purpose of the business relationship; and
- the intended nature of the relationship (i.e. where funds will come from and the purpose of any contemplated transactions).

The type of information that a financial institution may need to gather from their prospective customer in these circumstances may include:

- details of the customer's business or employment;
- the source and origin of funds that the customer will be using in the business relationship;
- copies of recent and current financial statements;
- details of the relationship between signatories and any underlying beneficial owners; and
- the expected level and type of activity that will take place in the relationship.

This information must be kept updated so that a financial institution can amend its risk assessment of a particular customer if their circumstances change and, if necessary, carry out further due diligence.

In some situations, financial institutions must carry out 'enhanced due diligence' prior to establishing a business relationship with a customer. These situations may include:

- when a customer is not physically present when a financial institution carries out its customer identification checks;
- when a financial institution enters into a business relationship with a PEP, which is typically a UK or non-UK domestic member of parliament, head of state or government, or government minister and their family members or known close associates;
- when a financial institution enters into a transaction with a person from a high risk jurisdiction (as identified by the European Union); and
- any other situation where there may be a higher risk of money laundering.

Enhanced due diligence can include taking some or all of the following steps:

- obtaining further information to establish the customer's identity;
- applying extra measures to check documents supplied by a credit or financial institution; and
- finding out where funds have come from and what the purpose of a particular transaction is.

3.7 Are financial institution accounts for foreign shell banks (banks with no physical presence in the countries where they are licensed and no effective supervision) prohibited? Which types of financial institutions are subject to the prohibition?

Credit and financial institutions (as defined in the MLR 2017) are prohibited from entering into, or continuing, a correspondent relationship with a shell bank (MLR 2017 Reg. 34(2)).

Credit institutions and financial institutions must also take appropriate enhanced measures to ensure that they do not enter into, or continue, a correspondent relationship with a credit institution or financial institution which is known to allow its accounts to be used by a shell bank (MLR 2017 Reg. 34(3).

The MLR 2017 define a "shell bank" as a credit institution or financial institution, or an institution engaged in equivalent activities to those carried out by credit institutions or financial institutions, incorporated in a jurisdiction in which it has no physical presence involving meaningful decision-making and management, and which is not part of a financial conglomerate or third-country financial conglomerate.

3.8 What is the criteria for reporting suspicious activity?

An obligation to submit a Suspicious Activity Report (**SAR**) to the NCA arises where a firm, its Money Laundering Reporting Officer (**MLRO**) or employees suspect or ought to suspect that anyone (including the firm itself) is or has engaged in money laundering. In broad terms, money laundering is having possession of, or doing anything in relation to, property which the relevant person knows or suspects to represent the benefit of criminal conduct. The threshold for 'suspicion' in this context (a possibility which is more than fanciful that the relevant facts exist) is low. The test may be satisfied objectively (i.e. the firm/the individual should suspect) or subjectively (the firm/the individual at the firm does suspect).

3.9 Does the government maintain current and adequate information about legal entities and their management and ownership, i.e., corporate registries to assist financial institutions with their anti-money laundering customer due diligence responsibilities, including obtaining current beneficial ownership information about legal entity customers?

There is a publicly accessible central government registry (Companies House) for UK company information on management and ownership. However, the ownership information may be up to a year out of date as non-listed companies are only required to provide this information to Companies House annually.

In practice, up-to-date share ownership information regarding shareholdings of 3%+ in a company with shares admitted to trading on a regulated or prescribed market, is publicly available due to stringent notification requirements under the FCA's Disclosure Guidance and Transparency Rules. There is also a public register of Persons with Significant Control (**PCS**s) of companies (over 25% indirect or direct shares or voting rights, significant control or right to appoint or remove majority of directors). Any changes must be notified within 14 days. The register does not, however, extend to UK Crown Dependencies and Overseas Territories.

In January 2018, the UK government confirmed its intention to introduce a draft Bill before the summer recess in 2018 to establish a public register of beneficial ownership for foreign companies owning property in the UK. Formal introduction of the Bill is planned for summer 2019, with the register expected to become operational by early 2021.

3.10 Is it a requirement that accurate information about originators and beneficiaries be included in payment orders for a funds transfer? Should such information also be included in payment instructions to other financial institutions?

Payment Service Providers (**PSP**s) must comply with requirements contained in the MLR 2017, derived from Chapter II, Section 1, Chapter 4 of the EU Funds Transfer Regulation. Complete payer and payee information (name, address, and account number) must generally accompany all wire transfers although there are limited exceptions. For example, if the Payment Service Providers of both payer and payee are located within the EU, then the wire transfer only need be accompanied by at least the account numbers of the payer and payee. Intermediary PSPs must ensure that all information received on the payer and payee which accompanies a wire transfer is retained with the transfer. Guidance provided by the JMLSG provides more detail on how to comply with these requirements and exceptions.

3.11 Is ownership of legal entities in the form of bearer shares permitted?

No. Bearer shares were abolished on 26 May 2015 when amendments to the UK Companies Act 2006 were implemented, via the Small Business, Enterprise and Employment Act 2015.

The changes were made as part of the UK government's aim to promote transparency of company ownership and control to deter criminal misuse of companies in the UK. From 26 May 2015, UK companies were prohibited from issuing bearer shares and companies with bearer shares in issue were required to take action to get rid of them.

3.12 Are there specific anti-money laundering requirements applied to non-financial institution businesses, e.g., currency reporting?

Most of the UK money laundering offences described at question 1.2 apply to all businesses, subject to the jurisdictional requirements stated at question 1.3. However, only the businesses listed at question 3.1 (which include certain non-financial institution businesses) can commit the offences of 'tipping-off' and 'failure to disclose' under POCA. A business not listed at question 3.1 can commit the offence of 'failure to disclose' under s332 POCA if it has appointed an MLRO.

The MLR 2017 apply to the businesses listed in question 3.1 above, which includes certain non-financial institution businesses.

There are some specific requirements for payment service providers (**PSP**s). PSPs must comply with additional requirements contained in the MLR 2017, derived from the EU Funds Transfer Regulation. See question 3.10 above.

There are a very small number of sector specific exceptions to the requirements in the MLR 2017, e.g. Regulation 31 (requirement to cease transactions) does not apply to certain professional advisers advising on the institution or avoidance of legal proceedings, Regulation 32 contains a Customer Due Diligence exception for trustees of debt issues.

3.13 Are there anti-money laundering requirements applicable to certain business sectors, such as persons engaged in international trade or persons in certain geographic areas such as free trade zones?

Aside from the businesses listed in question 3.1 above, there are no AML requirements applicable to other specific business sectors.

Transaction risk and geographical risk are two of the factors that must be considered as part of a risk assessment of money laundering and terrorist financing, under Regulation 18(2)(b) MLR 2017, by the businesses listed in question 3.1 above.

Guidance from JMLSG provides some sectoral guidance for the UK financial sector, on managing money laundering risk in certain business areas (e.g. trade finance, correspondent banking, wealth management). Whilst the guidance is not binding, it would be taken into account by enforcement authorities when deciding whether or not a firm, or an individual, has complied with their AML requirements under POCA 2002 or the MLR 2017. Some supervisory bodies have also produced guidance for members (e.g. the UK Law Society).

4 General

4.1 If not outlined above, what additional anti-money laundering measures are proposed or under consideration?

The Sanctions and Anti-Money Laundering Bill 2017 will create a new UK legislative framework with broad powers to implement sanctions, anti-money laundering and anti-terrorist financing measures after the UK leaves the European Union.

The fifth AML Directive was agreed in December 2017 and will take effect in stages from 2019, subject to the terms of Brexit. It will expand the requirement to perform anti-money laundering checks to new categories of businesses and increase transparency requirements for the beneficial ownership of both companies and trusts.

4.2 Are there any significant ways in which the anti-money laundering regime of your country fails to meet the recommendations of the Financial Action Task Force ("FATF")? What are the impediments to compliance?

The FAFT report on Anti-Money Laundering and Combating the Financing of Terrorism, 16 October 2009, concluded that the UK had taken substantive action towards improving compliance with its previous core recommendation. The FAFT had found the UK partly compliant with the requirement to identify and verify beneficial owners before and during the course of establishing a business relationship. This was deemed to have been addressed by the customer due diligence framework contained in the Money Laundering Regulations 2007. As a result, the FAFT decided to remove the UK from the regular follow-up process.

4.3 Has your country's anti-money laundering regime been subject to evaluation by an outside organisation, such as the FATF, regional FATFs, Counsel of Europe (Moneyval) or IMF? If so, when was the last review?

The Fourth Round Mutual Evaluation of the UK by the FAFT is scheduled for 2018. Previous FAFT reports were conducted in October 2009 and June 2007. The IMF conducted a Financial Sector Assessment Programme (**FSAP**) for the UK in the areas of AML/CFT in 2016.

4.4 Please provide information for how to obtain relevant anti-money laundering laws, regulations, administrative decrees and guidance from the Internet. Are the materials publicly available in English?

The FCA provides comprehensive information on the applicable laws and guidelines in money laundering and terrorist financing. (www.fca.org.uk).

The UK Parliament website contains the relevant Bills of Parliament, secondary legislation and information on parliament debates, committee reports and proposed new laws (www.parliament.uk).

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