

**MONEY LAUNDERING ADVISORY COMMITTEE
PLENARY GROUP**

Meeting on 17 October 2006 – 15.30hrs

Home Office

Present

Arbuthnot Latham & Co.

Association of Chief Police Officers (ACPO)

BCL Burton Copeland (representing the Law Society)

Consultative Committee of Accountancy Bodies (CCAB)

Financial Services Authority (FSA)

Foreign and Commonwealth Office (FCO)

Gambling Commission

HM Revenue & Customs (HMRC)

Home Office (HO)

Joint Money Laundering Steering Group (JMLSG)

Legal and General PLC

Royal Bank of Scotland (RBS)

Royal Institute of Chartered Surveyors (RICS)

Serious Organised Crime Agency (SOCA)

UBS

HMT opened the meeting and welcomed the committee.

1. Mutual Evaluation of the UK by the Financial Action Task Force (FATF)

- 1.1 HMT began by presenting to the group the procedure of evaluation of the UK by the FATF. The presentation included a timetable of events and processes by which FATF will evaluate the UK's compliance with international standards on anti-money laundering and combating terrorist financing. It also outlined the 'on-site visit' by FATF assessment team, which would take place between 27 November and 8 December. During the presentation HMT asked the committee if any members of industry would be willing to participate in the interview process.
- 1.2 The British Bankers Association (BBA) volunteered to get members of the association to participate in the interview process.
- 1.3 The Gambling Commission also accepted the offer and advised that casino operators would be willing to take part.
- 1.4 Action: HMT will circulate details of the on site visit and appropriate briefing.
- 1.5 HMT explained the consequences of poor performance. FATF would require action to be taken to remedy significant weaknesses. Therefore it was important to give an accurate and positive representation of the regime to avoid the adverse effect of more prescriptive regulation resulting from poor ratings.
- 1.6 JMLSG advised that a media strategy would be required for the report.
- 1.7 FSA stated that the main question from the FATF would be regarding Customer Due Diligence. Compliance in that area was probably the most important.

2. Anti-Money Laundering/Counter Terrorist Financing strategy document

- 2.1 HMT introduced this item stating that following on from the successful MLAC strategy day in May HM Treasury, Home Office and other public sector stakeholders had been working up a narrative and proposals for the Anti Money Laundering/Counter Terrorist Financing Strategy document.
- 2.2 HMT presented an overview of the document and sketched out its objectives, which included:
 - describing the threat posed international criminal and terrorist networks and the role of robust AML / CTF regimes in reducing the harm that these cause;
 - setting out the key principles of effectiveness, proportionality, and engagement that underpin the UK's approach, and the implications of these for the Government's strategic priorities over the next five years.

- 2.3 In discussion the following points were made: that an effective AML / CTF strategy would:
- include the steps that need to be taken to return assets to their true and original owners
 - focus on the outcome of harm reduction
 - set out the significant progress over the previous five years;
 - bring out the international dimension of our work throughout the narrative
- 2.4 It was agreed that the next steps would be to keep members of the Money Laundering Advisory Committee informed of any progressions made regarding the Anti-Money Laundering/Counter Terrorist Financing strategy document.

3. Update on the Guidance working party

- 3.1 On 8 August the draft guidance for credit unions was issued to the working party for any views. The Association of British Credit Unions (ABCUL) produced the guidance, which was approved by the JMLSG board. The Treasury's intention is to submit it for ministerial approval, in advance of which sign-off by the MLAC plenary group is required.
- 3.2 HMT asked the group whether all members were content in signing off the guidance.
- 3.3 All members of the group agreed.

4. Updates from other MLAC working groups

- 4.1 SOCA briefly gave an update of the implementation of the Suspicious Activity Reports (SARs) Review. As well as information on the Vetted Group and the SARs regime committee.
- 4.2 HMT gave an oral readout from the FATF plenary meeting in Vancouver. Myanmar had been removed from the NCCT list. A "tour de table" process on considering countries for enforcement measures would now replace this NCCT process.
- 4.3 FSA gave an update on the work on the FATF risk based approach work.

HMT ended the meeting by thanking the committee for their time.

As this meeting was the last for the Arbuthnot Latham & Co. representative, the committee thanked him for his work and contributions.