

**Minutes of the Money Laundering Advisory Committee Meeting held at SOCA
on 14 February 2007 at 15.00.**

Attendees:

Foreign and Commonwealth Office (FCO)
Joint Money Laundering Steering Group (JMLSG)
Association for Private Client Investment Managers and Stockbrokers
(APCIMS)/Association of Independent Financial Advisors (AIFA)
Metropolitan Police
LIBA
HMRC
SOCA
RICS
CCAB
Law Society
Financial Services Authority
HM Treasury (HMT)
Home Office

Home Office opened the meeting and welcomed attendees.

Agenda Items:

1. Mutual evaluation of the UK by the Financial Action Taskforce – Update.

HMT thanked MLAC members for their contributions on this work and set out the future timetable for the evaluation:

- Draft report to be received from FATF in early March;
- Consultation with stakeholders in March;
- Treasury to return amendments/comments on the draft report by 6 April;
- A meeting in Paris with the Secretariat in May; Discussion at the FATF plenary meeting in June.

JMLSG raised concern that there should be no knee jerk reaction to any negative comments in the FATF evaluation. HMT confirmed that the report is only a snapshot and that the UK's risk based approach would be defended..

2. AML/CTF Strategy Document

HMT gave a presentation of the AML/CTF strategy document which included an overview of the structure and key messages from the document. It also discussed priorities 1-6 set out in the document (previously distributed).

JMLSG stressed the need for the AML/CTF strategy to be linked to fraud. HM Treasury explained that the Government's substantial work on fraud was progressing on a very similar timetable to that of the AML/CTF strategy. Whilst the two exercises were distinct, they were in practice synchronised.

The Law Society said that, whilst one of the key principles of the strategy was proportionality, the private sector still had some concerns about the proportionality of the Proceeds of Crime Act 2002.

3. Draft Money Laundering Regulations

HMT reminded Members that the consultation period on the draft Money Laundering Regulations 2007 would close on 2 April. It would welcome the opportunity to engage with stakeholders in the coming weeks, if this would help clarify aspects of the draft Regulations, prior to the submission of responses to the consultation.

HMT also referred to the Economic Secretary's letter to MLAC of 7 February 2007 which highlighted the need for those responsible for industry guidance to start to consider updating it. The letter explained that it was important that guidance was at a good stage of advancement by the time the Regulations come into force. HMT also encouraged sectors to work together to develop their guidance, in order to share learning and best practice.

JMLSG said that it planned to publish revised guidance for the financial sector over the summer, before the Regulations were finalised.

4. Standing Items

4.1 - Communications

HM Treasury presented a paper on this subject (previously distributed).

JMLSG thought that fraud messages had been very well communicated by government and within industry but that the same could not be said of money laundering. Institutions co-operate on fraud but there was less evidence of interaction between them on anti-money laundering practices.

Home Office explained that there would need to be a communications plan on the AML/CTF strategy launch.

LIBA said that communications should be aimed at ensuring that staff of all levels in institutions understand the risk based approach.

FSA explained that it would be undertaking more thematic work in the future, and will be feeding the outcomes back out to private and public sectors. It also highlighted that the new Supervisor's Forum would meet for the first time on 29 March 2007, with FSA chairing.

CCAB commented that while it was important to be pushing up the lowest performing supervisors, this should not be done in a way which increases the burden on the better performers.

4.2. - International Issues

HMT presented a paper outlining current international issues (previously distributed). In particular it noted that the UK presidency of FATF would begin in July.

4.2. - Reporting

There was a short discussion of the SOCA paper (previously distributed) on the SAR regime. SOCA thanked everyone for all their collaboration and contributions in implementing the Lander Review so far. SOCA reported that 21 of the 24 recommendations in the Review had been delivered and the remainder were on track..

SOCA's preferred method for reporters to submit their suspicion is the [SOCA Suspicious Activity Report Form](#). SOCA wish to use this template as the prescribed form. .

Home Office confirmed that there would be no requirement on electronic reporting at this present time. However it was noted that SOCA may want to revisit this at a future date with the Home Office.

5. Consent

Home Office explained that they were aiming to issue a consultation paper in March on consent. It stressed that there should be no further amendments to POCA on this unless all are agreed on a way forward. Legal complexities on this are very difficult but the Home Office are working on developing solutions.

6. AOB – Serious Crime Bill

Home Office explained that one major area is the merger of the Assets Recovery Agency (ARA) into SOCA. The Bill had its second reading in the House of Lords on 7 February.

A new asset recovery action plan would be published for consultation in March. The Home Office hopes to publish at the same time work already done on sizing the criminal market, which was to be outlined in the forthcoming AML/CTF Strategy Document. The action plan will acknowledge the importance of compensation to victims.

CCAB noted that reparation to victims is something its members were likely to find very persuasive when considering the benefits of AML/CTF measures.

Next meeting 23 JULY 2007