

July 2007 MLAC meeting minutes

3.00 – 5.00 PM, Monday 23rd July 2007, Meeting held at HM Treasury.

Attendees

Barclays Bank
Law Society (LS)
Financial Services Authority (FSA)
Foreign Office (FCO)
HM Revenue and Customs (HMRC)
HM Treasury (HMT) (chair)
Home Office (HO)
Institute of Chartered Accountants in England and Wales (ICAEW)
Joint Money Laundering Steering Group
Legal and General
National Association of Estate Agents (NEAE)
Royal Institute of Chartered Surveyors (RICS)
Serious Organised Crime Agency (SOCA)
UBS

HMT welcomed attendees to the Treasury.

1. HMT & HO consultations

HMT confirmed their plans for the publication of the Money Laundering Regulations 2007 to implement the Third Money Laundering Directive (3MLD). The Regulations will take effect from 15th December 2007.

The LS thanked HMT for a constructive recent consultation on beneficial ownership and a good result.

The HO noted that changes were required to the Terrorism Act and POCA to ensure they were both fully compliant with the 3MLD. They were planning to consult shortly. The HO were also planning to consult on prescribing by Order the form and manner of making a Suspicious Activity Report (SAR) to SOCA¹.

Legal and General requested that any changes to POCA and the Terrorism Act and any changes as part of the review of the consent regime be made at the same time.

2. GUIDANCE

HMT confirmed that the development of effective guidance would be a priority for the rest of 2007.

¹ Both documents were published on 30th July 2007

The JMLSG confirmed that their latest guidance is available in draft. For consultation ICAEW confirmed that they are well advanced in drafting new guidance, and expect it to be widely taken up. The LS are working to a similar timetable, with a view to guidance being in place by 15th December, and will seek approval of their guidance. HMRC has issued a version for consultation and wishes to submit it for approval soon.

HMT spoke briefly to explain the process of approval. Draft guidance that is submitted for Treasury approval will be considered by a virtual sub-group of MLAC, then by the main MLAC, before being submitted for Ministerial approval. It was emphasised that the prior involvement of HMT, HO and any supervisors involved with the community for whom the guidance was intended before guidance was formally submitted to the MLAC subgroup is recommended.

JMLSG stressed they were content to make their guidance widely accessible, but emphasised that permission should be sought.

ACTION POINT A note on guidance process to be circulated².

3. FATF

HMT reported that the outcome of the recent mutual evaluation of the UK had been very positive – the UK had achieved more Fully Compliant's than any other country. Further, the implementation of the Third Money Laundering Directive would resolve any significant policy implications from the recommendations on which the UK had been marked down. .

Some lessons had been learnt from the process, regarding the drafting of guidance. In particular it was recommended that guidance should be clear on where it is linked to specific Regulations or supervisory rules.

Thanks were expressed to James Russell-Mitra for his contribution to the UK FATF process.

UBS noted that they were concerned about the NC marking for correspondent banking processes, as they did not believe that current practice should change.

4. CONSENT

HO drew attention to a paper they had recently circulated. It was agreed to re-circulate that paper to those attending the meeting³.

5. FATF PRESIDENCY

² HM Treasury circulated the note in its letter to supervisors of 6th August. A copy of that letter accompanies these minutes.

³ This was done on Tuesday 24th July.

The UK holds the FATF Presidency for the next year. The main focus will be on the mid-term review of the FATF mandate.

UK priorities for FATF were outlined; these were enhanced surveillance; global implementation; proliferation finance; better engagement with the private sector; the need for a risk based approach to be more widely adopted, and addressing any membership issues.

There were no UK plans to change the FATF recommendations or methodology; a period of stability was needed.

It was noted that China had been admitted to membership. It is not yet fully compliant with FATF criteria.

ACTION POINT

An organogram of the Financial Crime Team was requested.

6. STANDING ITEMS

SOCA spoke to their paper that had been circulated in advance of the meeting, dealing with their annual report, discussions with firms, and progress on the Lander Report recommendations (22 out of 24 having been implemented, with the remaining 2 on track). Barclays mentioned that they saw themselves as users of SARs, and didn't want SOCA to overlook that perspective on SARs usage.

The FSA noted that their work on identification was being taken forward through guidance.

7. The future of MLAC

HMT spoke to their paper. It was explained that the questions were designed to be illustrative and not definitive. Developing a proper work program was a particular priority. HMT would seek to hold bilateral discussions with MLAC members and others to ascertain considered views.

Initial reaction was supportive. Communication about the significance of the criminality involved was highlighted as a possible issue. The need to work with existing arrangements was also mentioned. The particular value of MLAC as offering access to, and opportunities to inform Ministers was highlighted.

8. AOB

HO will host the next meeting in mid-November.