

ID Working Party

Chair:

Philip Robinson, Financial Crime Sector Leader, FSA

Membership

The membership of the working party will need to be drawn from key relevant stakeholders. A provisional list of these bodies is set out below. Effective procedures will be needed for engaging with this wide community. It may not be necessary for all to have full membership of the working party and a working party with a representative of each of the stakeholders below may be too large to be effective. However it will be necessary to ensure that all stakeholders' views are fed into the working party.

A provisional list of the key stakeholders is as follows:

1. The firms/trade associations in a number of the key areas of the regulated sector:

- FSA-regulated financial services sector (which is a heterogeneous community, and it may be that more than one representative on the working party will be needed)
- dedicated money services businesses, i.e. remittance providers, bureaux de change and cheque cashers
- financial services businesses regulated by neither the FSA nor HMRC, e.g. those solely carrying out personal lending
- the legal profession
- the accountancy and audit professions
- trust and company service providers, where these are not covered by the categories above
- casinos
- estate agents
- dealers in high value goods

2. The public sector and quasi-public sector AML regulators of the above:

- Financial Services Authority
- Her Majesty's Revenue and Customs (HMRC)
- Gaming Board for Great Britain

3. Law enforcement (notably the Police and both limbs of HMRC)

4. NCIS

5. HM Treasury (relevant policy leads on money laundering/terrorist financing and on financial inclusion)

6. Home Office (relevant policy leads money laundering/terrorist financing)

7. Office of the Information Commissioner

8. Electronic identity service providers

9. Bodies representing consumer interests (e.g. relevant charities and NGOs)

10. DfID (relevant policy leads on remittance providers and development issues)

Frequency of meetings:

To be determined by working party

Status:

Likely to be short term until issue is resolved

Terms of reference:

To defuse the ID issue across the "regulated sector" (i.e. the sector subject to the Money Laundering Regulations)

Objectives:

- To encourage firms across the "regulated sector" to adopt identification procedures which strike an appropriate balance between the needs of law enforcement, cost to the firm and inconvenience to the customer; drawing where appropriate on the findings from the work of the FSA's Identification Working Group (IDWG);
- To build stronger awareness of the issues and options in regards to the identification of customers.

Suggested work programme, for discussion at the first meeting:

- Build understanding of the conclusions of the IDWG work and developments over the JMLSG guidance, and in the light of this establish some general principles by which good practice might be tested
- Build up a picture of practice over basic customer identification across the regulated sector
- Establish whether in relation to each sector there is any scope to improve practice over basic customer identification
- Establish whether there is scope for a firm in one sector relying on the basic customer identification procedures of a firm from another sector where the two firms are part of the same transaction in relation to the same consumer

Relevant documentation:

- Guidance notes for each sector, where this exists, in relation to basic customer identification
- JMLSG Guidance – consultation draft, March 2005
- FSA - *ID – defusing the issue: Progress report* - October 2005
- Better Regulation Task Force – *Avoiding Regulatory Creep* – 21 October 2004

Handover/relationship with the FSA-led ID Working Group:

- Whilst many of the themes and issues that the MLAC working party on ID will look at will be similar to those considered by the IDWG, it will in effect be a new workstream.

Recent progress in this area:

- Publication in March of the consultation draft of new JMSLG Guidance, containing radical new proposals over how best to identify personal and non-personal customers
- The IDWG is meeting for the fifth time on 3 June.