

# Money Laundering Advisory Committee: First Meeting

Friday 3rd May 2pm - 5pm

HM Treasury

## Attendees

- CHAIR: HM Treasury
- Home Office
- National Criminal Intelligence Service
- Metropolitan Police
- Financial Services Authority
- Consultative Committee of Accountancy Bodies
- Law Society
- Financial Services Consumer Panel
- Joint Money Laundering Steering Group
- Arbuthnot Latham, representing building societies and small retail financial institutions
- AXA Investment Managers, representing investment and insurance product providers
- Morgan Stanley Quilter, representing financial intermediaries
- UBS AG, representing wholesale financial institutions
- Barclays, representing large retail financial institutions

## 1. Introduction and background to the MLAC

- **The Committee** approved the agenda.

## 2. MLAC Terms of Reference

(Discussion Paper One)

- **The FSA** emphasised the importance of assessing the costs and benefits of the UK's regime and noted that both the FSA and ACPO were preparing studies on risk based analysis and anti-money laundering.
- **The Committee agreed that:**
  1. The final words of point 2(b) - "of future proposals" - will be removed so it is clearer that cost/benefit considerations apply to existing arrangements.
  2. Point 2(c) will allow members to raise the possible effects on the competitive position of UK businesses of any policies or proposals.
  3. Members' preference was that the papers and minutes from this and future MLAC meetings will be posted on the Treasury public website.
  4. The Terms of Reference will be reviewed one year after the first MLAC meeting.

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3. Implementation of the Second EU Money Laundering Directive and planned changes to the Money Laundering Regulations  
(Discussion Paper Two)

- **The Treasury** noted that it intends to consult for three months from July and to lay Regulations by the end of the year that will come into full effect by June 2003.
- **The Committee** agreed:
  1. To establish a Working Group to discuss more detailed and technical aspects of the implementation of the Directive.
  2. That the Working Group will be chaired by the Treasury and will include relevant stakeholders, both from within the MLAC and without.
  3. That the Treasury's public consultation on implementation of the Directive and changes

to the Regulations should include the broad options set out in the discussion paper, taking account of points raised in discussion.

#### **4. Treasury approval of industry guidance notes**

(Discussion Paper Three)

- **The Chair** noted that the JMLSG had circulated their guidance notes for consideration by the MLAC and that it was for individual bodies to decide whether they wished their notes to be considered.
- **The Consultative Committee of Accountancy Bodies and the Law Society** both noted that they have not yet decided whether they will circulate their notes to the MLAC and will consider their position when the situation on the Proceeds of Crime Bill becomes clearer.
- **The Financial Services Consumer Panel** noted that industry guidance notes need to reflect the diversity both of types of financial business and of methods for obtaining identity and emphasised the importance of taking into account existing Scottish legislation when considering implementation of the Proceeds of Crime Bill.
- **The JMLSG** noted that it would not be able to complete its draft guidance on the "reasonable grounds to suspect" test until the final amendments to the Proceeds of Crime Bill were published. The JMLSG is seeking assistance from the Metropolitan Police and intends to publish the draft by Royal assent. It is intended that a final draft will be circulated to MLAC members for approval by the end of June.
- **The Committee:**
  1. Encouraged the JMLSG to continue its dialogue with representatives of all UK Credit Unions.
  2. Encouraged the JMLSG to prepare by July its new guidance on the new "reasonable grounds to suspect" test.
  3. Agreed to the Treasury's proposal to recommend to Ministers that they approve existing JMLSG Guidance Notes.
  4. Welcomed the plan of the JMLSG to produce a revised version of the Guidance Notes in early 2003 to reflect whatever amendments are made to the Money Laundering Regulations to reflect the Second EU Money Laundering Directive and other issues.
  5. Welcomed the JMLSG's plans to prepare a fuller revision of their guidance notes, incorporating a more devolved structure. This process would commence in early 2003.
  6. Encouraged other trade bodies to contact the MLAC Secretariat with any guidance that they wished Treasury Ministers to approve.

#### **5. Any other business**

**The Treasury** noted that the Financial Action Task Force (FATF) meets shortly in Rome and agreed with the FSA that they hoped that the UK financial services industry would consider the FATF's consultation document and send any comments to the Treasury by whatever date the FATF establishes as the deadline for comments.

**The Financial Services Consumer Panel** noted that it had recently produced a research report on accessing basic bank accounts and would circulate copies to MLAC members