

MONEY LAUNDERING ADVISORY COMMITTEE: THIRD MEETING

HM TREASURY

2 May 2003

Attendees

- CHAIR: HM Treasury
- Home Office
- FSA
- NCIS
- ACPO
- FCO
- Joint Money Laundering Steering Group
- BBA
- AXA Investment Managers, representing investment and insurance product providers
- Financial Services Consumer Panel
- Arbuthnot Latham, representing building societies and small retail financial institutions
- Morgan Stanley Quilter, representing financial intermediaries
- UBS, representing wholesale financial intermediaries
- Taylor Wessing, representing the Law Society
- Lloyds TSB, representing large retail financial institutions

1. Revision of the JMLSG guidance notes

JMLSG gave an update on its plans to review the existing Guidance and introduced the scoping document on the revision (circulated previously). JMLSG is now a Limited company owned by 16 trade associations. It will keep the focus of the Guidance Notes on the financial services industry in its GN2004 radical revision of the Guidance Notes. There will be a clear statement of principles, and they will be risk-based, non-mandatory. The editorial panel was to be chaired by Martin Hall. JMLSG stated that it will also provide a Helpdesk which will be an integral part of guidance.

The Chair welcomed the risk-based approach of the scoping document, and invited responses to the JMLSG. It was decided that fuller written comments were to be sent directly to JMLSG.

Home Office were willing to contribute to the drafting of the guidance and noted that the guidance needed to reflect all recent developments.

FSA welcomed the proposed risk-based approach to the revision of JMLSG Guidance Notes. FSA also noted that the temptation in the financial industry to have all guidance hard-coded should be resisted. The attendees were invited to contact Carol Sergeant's office directly if FSA supervisors were being over-bureaucratic and inflexible in their approach.

2. Implementing the new Money Laundering Regulations

HMT outlined the state of play with the new Money Laundering Regulations 2003. HMT had received around 70 comments on the draft Regulations. The majority were supportive of the main options included in the consultation document, and many of the detailed comments had been taken on board. However, on the issue of coverage of accountants (qualifications based or activity based) HMT felt that it had not received full feedback, as there had been only two responses from the small business sector. Therefore further outreach was planned, even if this would delay the issuing of the final Regulations. HMT hoped to be able to publish the final Regulations by 15 June (the EU deadline for having national legislation in place), and was planning to give three months' notice to the industry for implementation. The Commission had been informed of the likely delay, and were relaxed about it on the understanding that the UK was working to finalise one final

element of the Directive. HMT said that full response to the consultation would be given when the Regulations were published.

JMLSG was grateful for the update but wanted to be able to include the final Regulations in GN2003.

Conclusion

Lloyds TSB, representing large retail financial institutions noted the positive shift in the committee towards working increasingly in the spirit of trust and cooperation, and hoped that the views and comments expressed during the meeting would also be treated in this spirit.

The Chair thanked for this comment which provided a good conclusion to the discussion.