

Money Laundering Advisory Committee

Minutes of meeting on 18th March 2008, held at HM Treasury @ 2.30 PM

Attendees

BBA / JMLSG, City of London Police, CPS, FCO, FLA, FSA, HMRC, HMT, Home Office, Law Society, Legal & General, Lloyds TSB, ICAEW, NAEA, OFT, RICS, SOCA, UBS.

Agenda item 1 – introductions.

HMT, chairing the meeting, welcomed the CPS and OFT to the meeting. The CPS and OFT briefly outlined their roles and responsibilities vis-a-vis AML policy and delivery.

Item 2 – national developments

Home Office briefly updated the meeting on

- The merger of SOCA and the Assets Recovery Agency.
- Their new Serious Crime Prevention Order powers (which they expect to be infrequently used).
- The Asset Recovery Action Plan, and the prospect of further asset recovery legislation in 2009.
- Their prescribed form proposals, which would not be going ahead for the time being.
- Their 3rd MLD ‘tipping off’ measure, where new Regulations had taken effect on 26th Dec 2007.
- Their consultation on the Consent Regime in POCA, which had been extended by a week at the request of some representative bodies.

The Law Society was complimentary; there had been several Home Office consultations – in their view the experience had been fruitful and there had been a helpful dialogue.

HMT updated attendees briefly on

- The impending launch of the National Fraud Strategic Authority and the National Fraud Reporting Centre.
- Work HMT expected to undertake on insolvency and reliance.
- A number of technical issues arising from 3rd MLD implementation.

SOCA spoke to their SARS paper, distributed to attendees. Generally there was progress on communications, and on putting the necessary IT kit in place. Work would continue through 2008. HMT drew attention to the impressive progress that had been demonstrated at the SARS Committee.

FSA spoke about their thematic supervision work on AML, which they had recently reported on. Visits to 40 firms of varying sizes showed they were trying to do the right things, but (following FATF comments) FSA were minded

to look at a further sample of smaller firms, to assess whether they present significant risks.

Item 3. TF Working Group

The **FSA** spoke to their TF WG paper, indicating they would return to the issues in the July 2008 meeting.

ACTION POINT: FSA for July 2008 meeting.

Item 4 – International developments

HMT reported on

- Recent sanctions developments, including specific measures concerning Iran, Al Qaida, and Burma (Myanmar).
- The HMT Press Notice issued at the end of February 2008 following the FATF Plenary in Paris. HMT explained that the ICRG (International Cooperation Review Group) process had now taken the place of the previous NCCT (Non-cooperative Countries and Territories) process.
- Other FATF ‘headlines’ relating to the Caribbean FATF becoming an associate member, the recently published terrorism typology, work on low-capacity countries, and joint projects with the private sector.
- The mutual evaluations for CANADA and SINGAPORE.
- The Chancellors intention to chair a meeting of FATF Ministerial colleagues at the IMF Spring meeting to discuss the updated FATF mandate.

There was a brief discussion of ‘equivalence’ work in Europe, and other EU work on SR 7 and SR 9. The latter in particular was not yet resolved, but HMRC were involved.

Item 5 – revised terms of reference.

There was a brief discussion of the revised terms of reference, which had been circulated. The proposed reference to the EFFECTIVENESS of the regime was described as an aspiration.

ACTION POINT: ALL ATTENDEES are invited to submit final written comments on the revised terms of reference by 18th June. The revised terms of reference will be adopted at the next meeting subject to any comments.

Item 6 – MLAC Programme 4

SOCA spoke to the further paper on this.

They reviewed the background to the MLAC decision to merge the policy element of Programme 4 into MLAC. They referred to the list of possible priorities for MLAC to take forward and asked if there were omissions from that list, about process, and the proposed sequence.

On process there was a consensus that a sub-group was unnecessary; otherwise the approach proposed was endorsed.

There was a discussion about the relationship between money laundering and sanctions work, embracing the UK implementation and compliance work, and the international aspects. It was confirmed that the focus of MLAC was on money laundering. While it was recognised that there were other arenas in which sanctions issues could be discussed the coverage of that work and the opportunities for industry participation were more constrained. In a nutshell, the view was that the absence of a body with the broad remit of MLAC in the sanctions environment pointed, as HMT acknowledged, to a real “gap in the market”.

ACTION POINT: HMT to reflect on sanctions liaison arrangements.

Any other business

SOCA referred to challenges they perceived flowing from work on Company Law reform.

HMT mentioned that it was planning to update the guidance for the public on the background to the AML regime. There was a brief discussion.

The meeting concluded at 4.30 PM

HMT
2nd May 2008